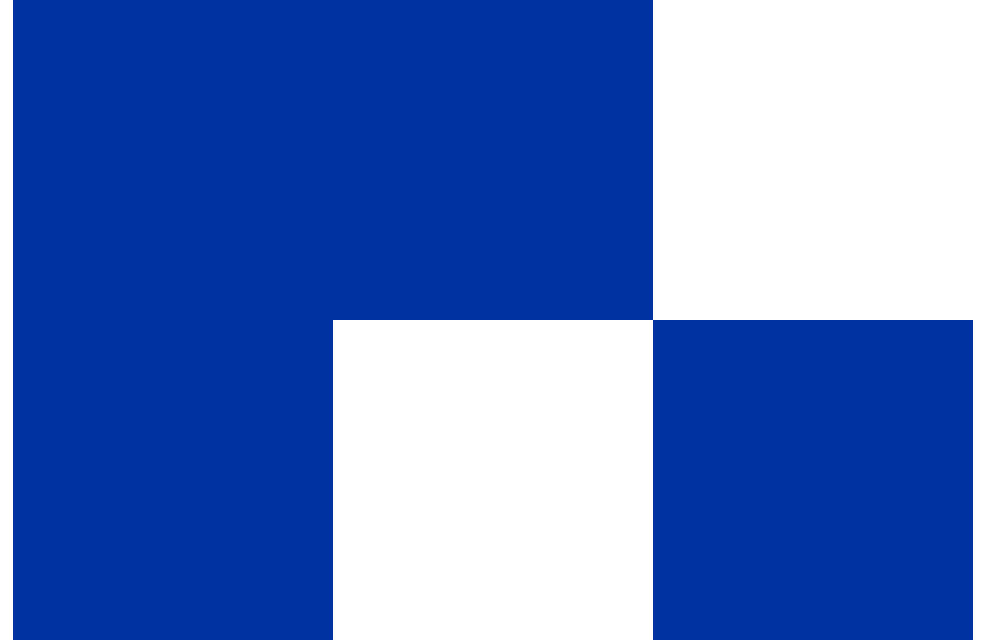


Effectiveness of the Metro Agri-food Living Lab Model Baseline report



GAME
Global Agribusiness Management
& Entrepreneurship Center



IDRC | CRDI

International Development Research Centre
Centre de recherches pour le développement international



Australian Government
**Australian Centre for
International Agricultural Research**

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Business finance dynamics

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A photograph of a banana plantation with large green leaves and tall stalks, serving as the background for the slide.

Describing the data and sample of entrepreneurs

Key statistics



490

Interviewed
Entrepreneurs



9

Counties



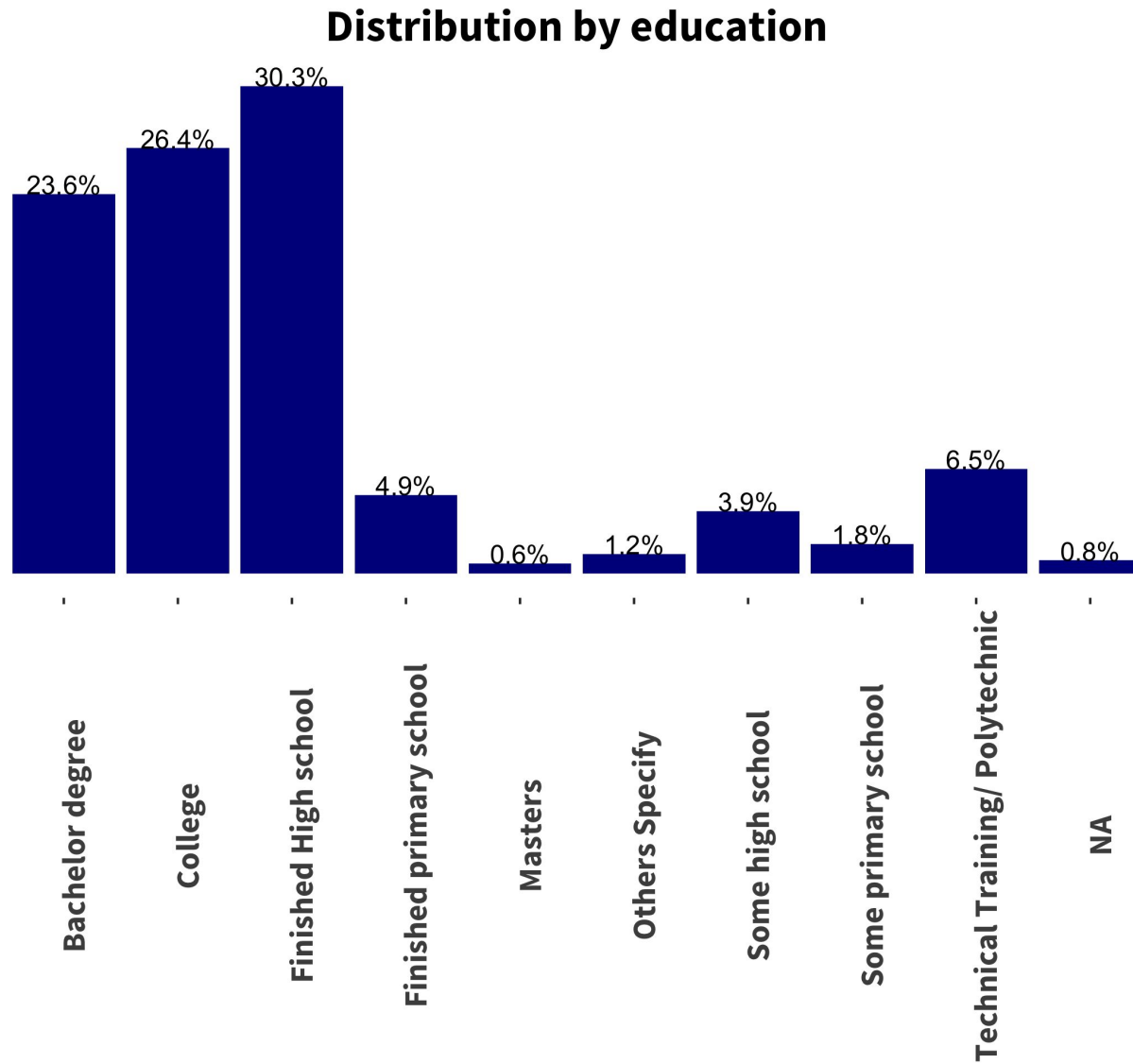
229

Males



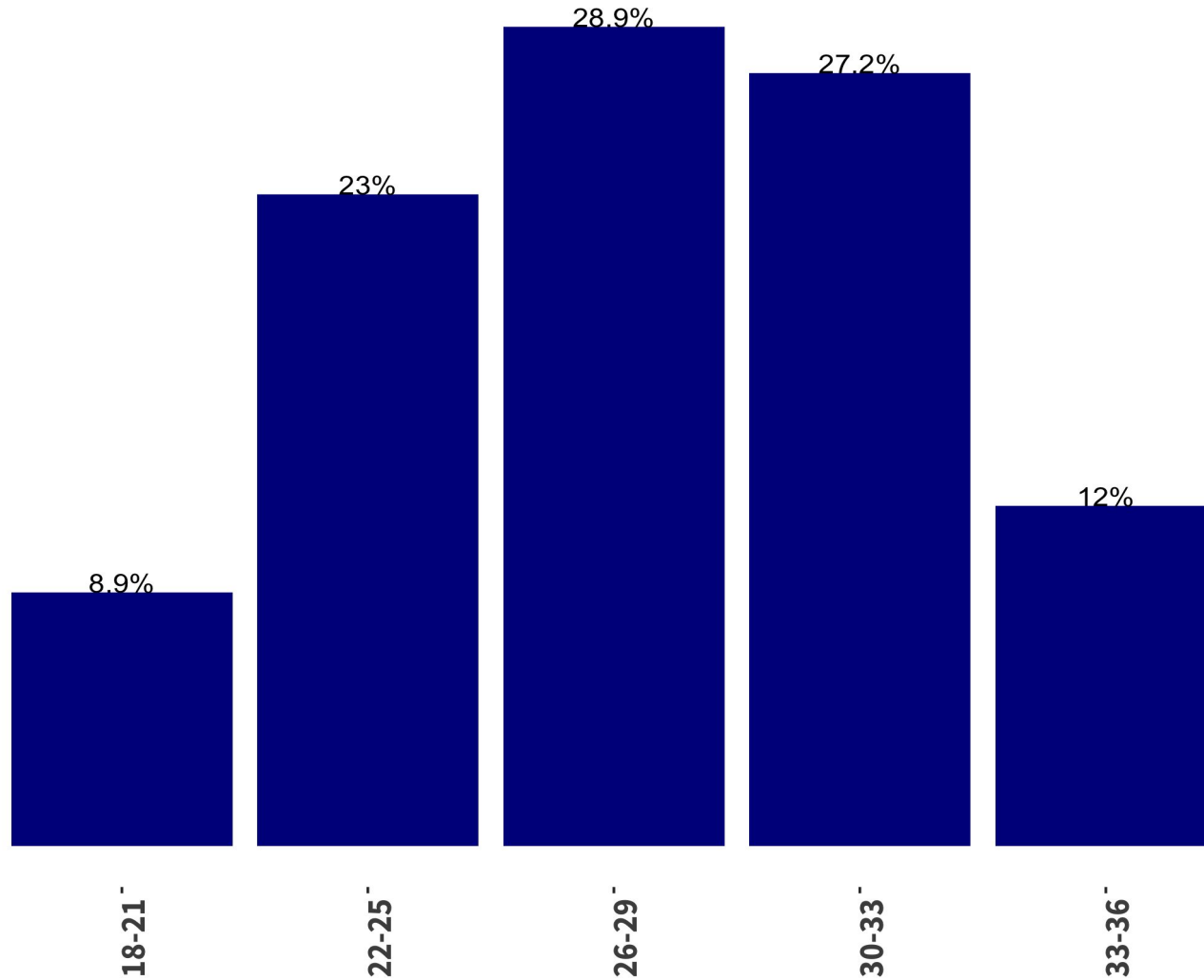
263

Females



Most entrepreneurs had a high school education and above

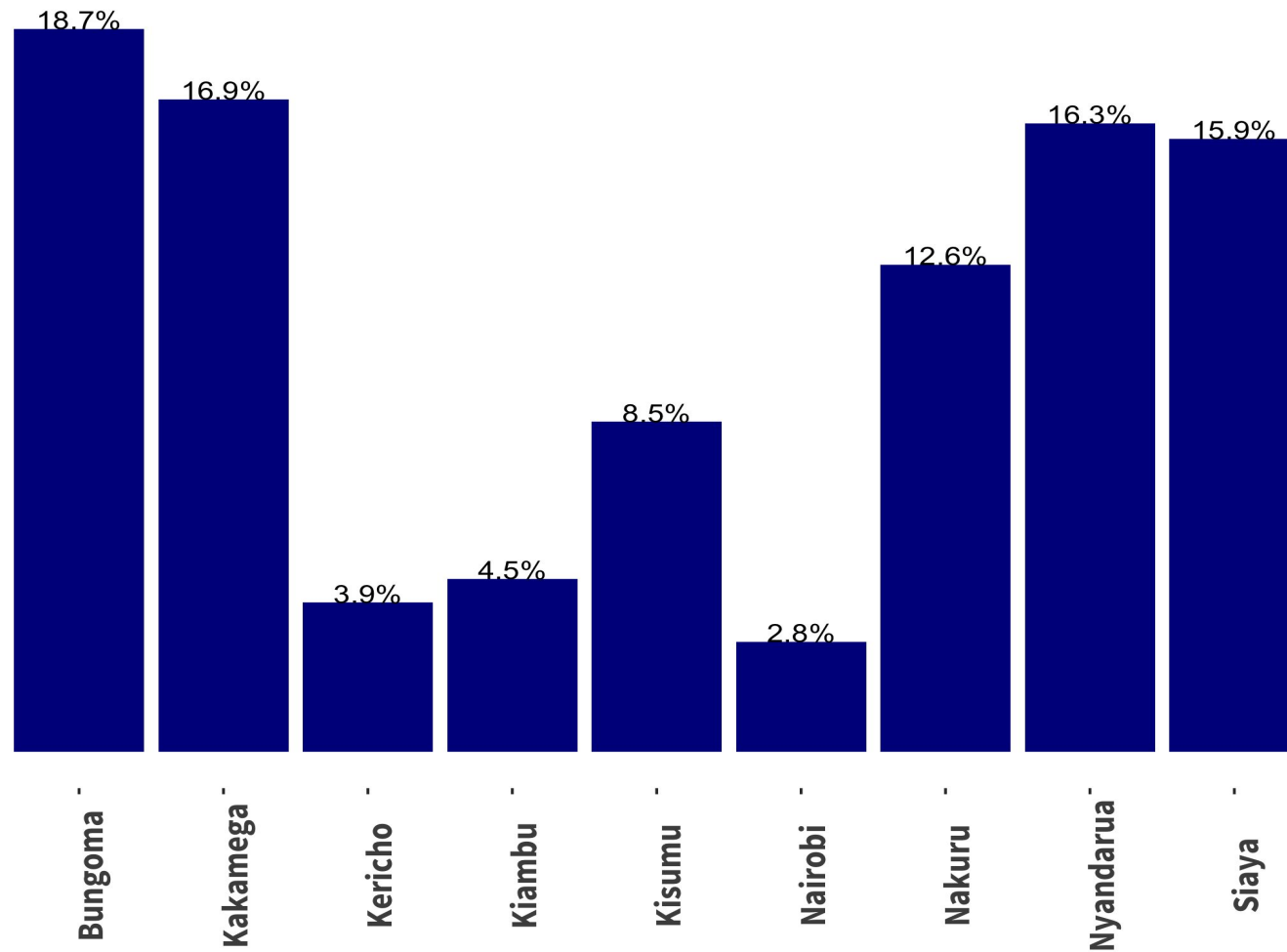
Distribution of age groups



All entrepreneurs selected are within the definition of youth, while more can be considered as closer to being middle-aged.

More of entrepreneurs
come from Western and
Nyanza areas.

Distribution by county



Index creation

In order to more rigorously understand the current crop of entrepreneurs, indices were created to show how individual traits are manifested in other variables.

Index 1

Index name	Possible Values	Questions used
Autonomy	Autonomous Semi-autonomous Non-self-governing	Who is the head of your household? The business was started by? How did you finance the start of your business? Who makes decisions regarding the income from your agribusiness?

The questions used here all highlight the extent to which the entrepreneur is likely to have control over their business.

Responses to these questions have been combined to one variable that gives a single and comprehensive indication of the nature of control they are likely to have over their affairs.

Index 2

Index name	Possible Values	Questions used
Infrastructure access	Wide access Moderate access Low access	How far is your business from the nearest tarmac road? What is your source of energy? What is your source of water? Is your business area connected to a mobile network? Is your business or home connected to a sewage system?

The questions used here all highlight the extent to which each entrepreneur has access to infrastructure that is advantageous to their business.

Index 3

Index name	Possible Values	Questions used
Technology use	Wide use	Do you own a mobile phone?
	Moderate use	
	Low use	Would you consider your phone to be a smart phone?
		Do you use internet on your phone?
		How do you keep business records? (electronic vs. non electronic)

The questions used here all highlight the extent to which each entrepreneur is likely to be utilizing technology for the benefit of their business.

Index 4

Index name	Possible Values	Questions used
Business experience	Very experienced Moderately experienced Very inexperienced	How long have you been in agribusiness (months) How many businesses have you owned in the past? Are you engaged in any other income generating activity besides this agribusiness?

The questions used here all highlight the extent to which each entrepreneur has some form of advantageous experience running an enterprise.

Index 5

Index name	Possible Values	Questions used
Funding/credit experience	Very experienced	How did you finance the start of your business?
	Moderately experienced	In the past 2 years, which of the below personal financing sources have you relied upon most in an emergency
	Very inexperienced	In the past 2 years, which of the below personal financing sources have you relied upon most in regular business
		Would you find formal financial services complicated and confusing

The questions used here all highlight the extent to which each entrepreneur has had previous access to external funding (not friends, family).

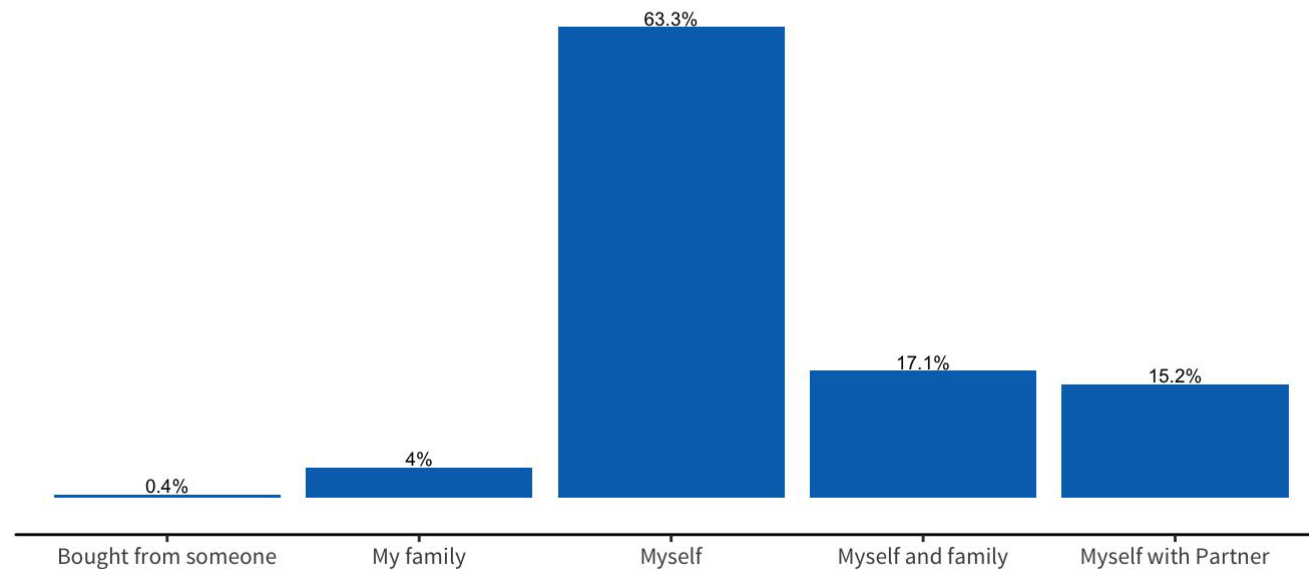
A photograph of a banana plantation with large green leaves and brown trunks, viewed from a low angle looking up. A solid blue rectangular box is overlaid in the center, containing white text.

Understanding our entrepreneurs: The genesis of their businesses

Who started their
enterprises?

Most of our entrepreneurs started their businesses on their own.

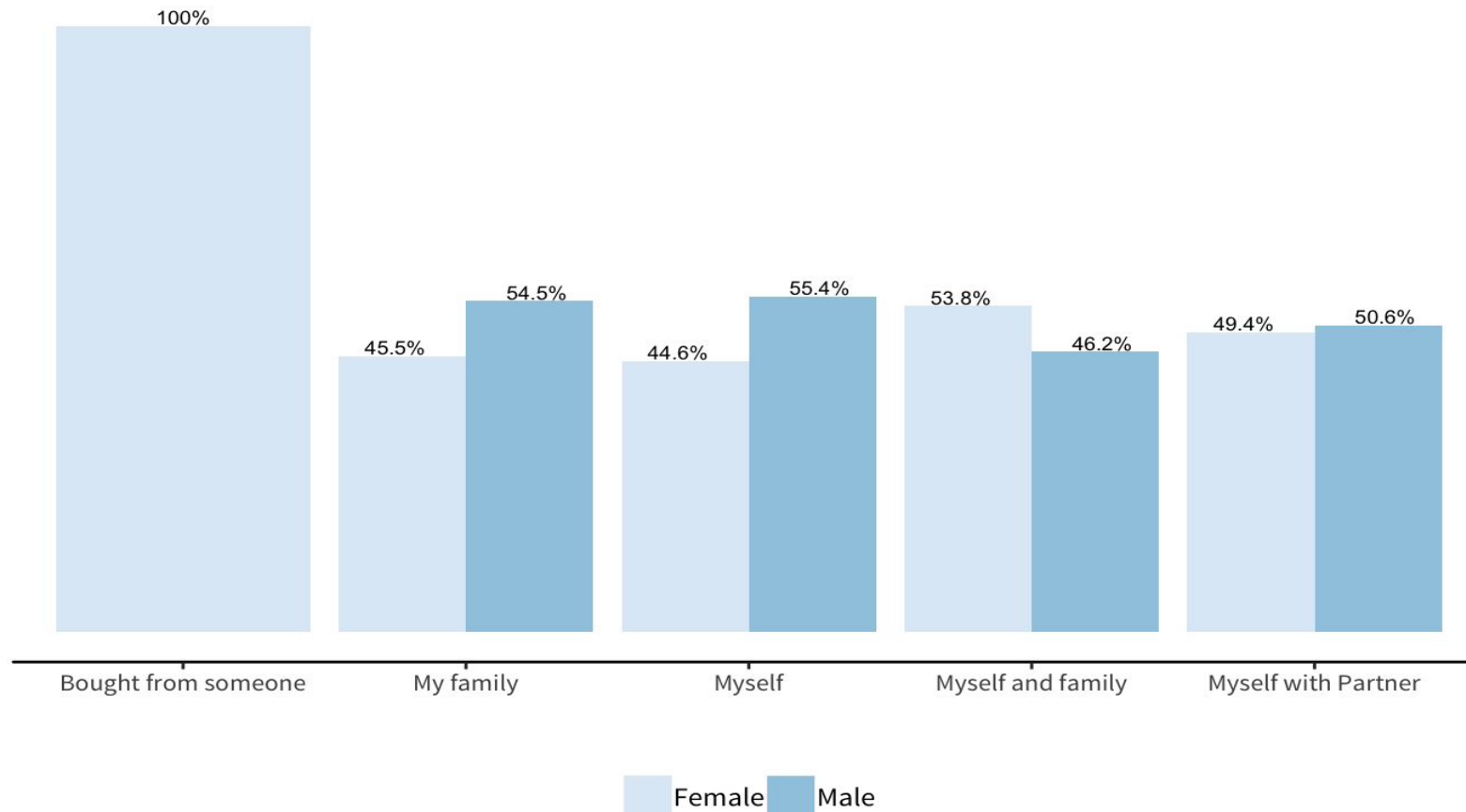
Who started the business?



Partnerships are not as common as one may assume, as one is just as likely to start a business with family members as they are with a fellow business person.

There aren't any clear variations when it comes to gender as far as how the business starts

Who started the business?
By: Gender

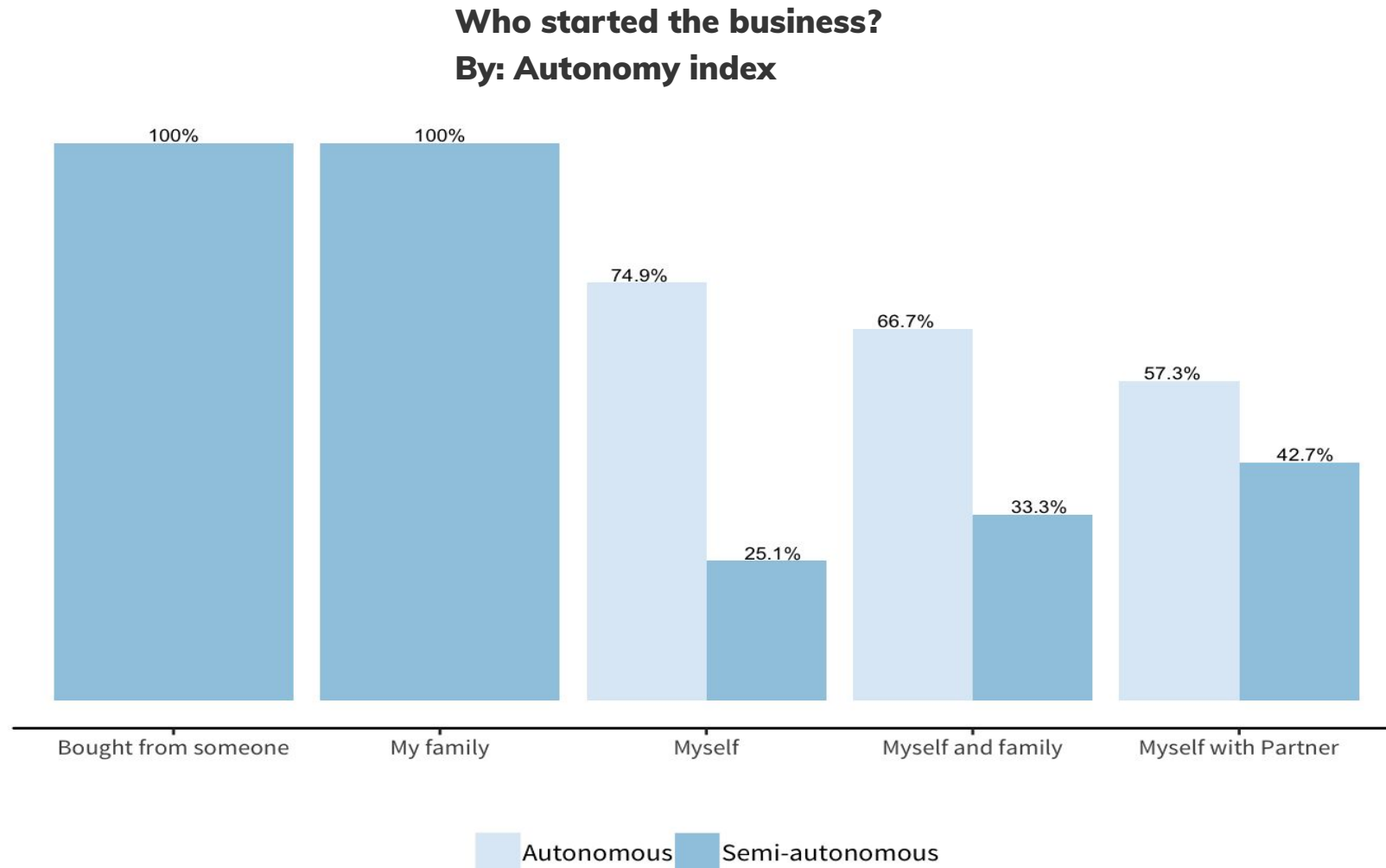


Men are slightly more likely to take over family businesses and start businesses on their own.

Women on the other hand are more likely to start businesses together with their families compared to men.

Caution when interpreting: Very low values for “Bought from someone” and “My family”

Entrepreneur autonomy unsurprisingly varies based on how the business was started



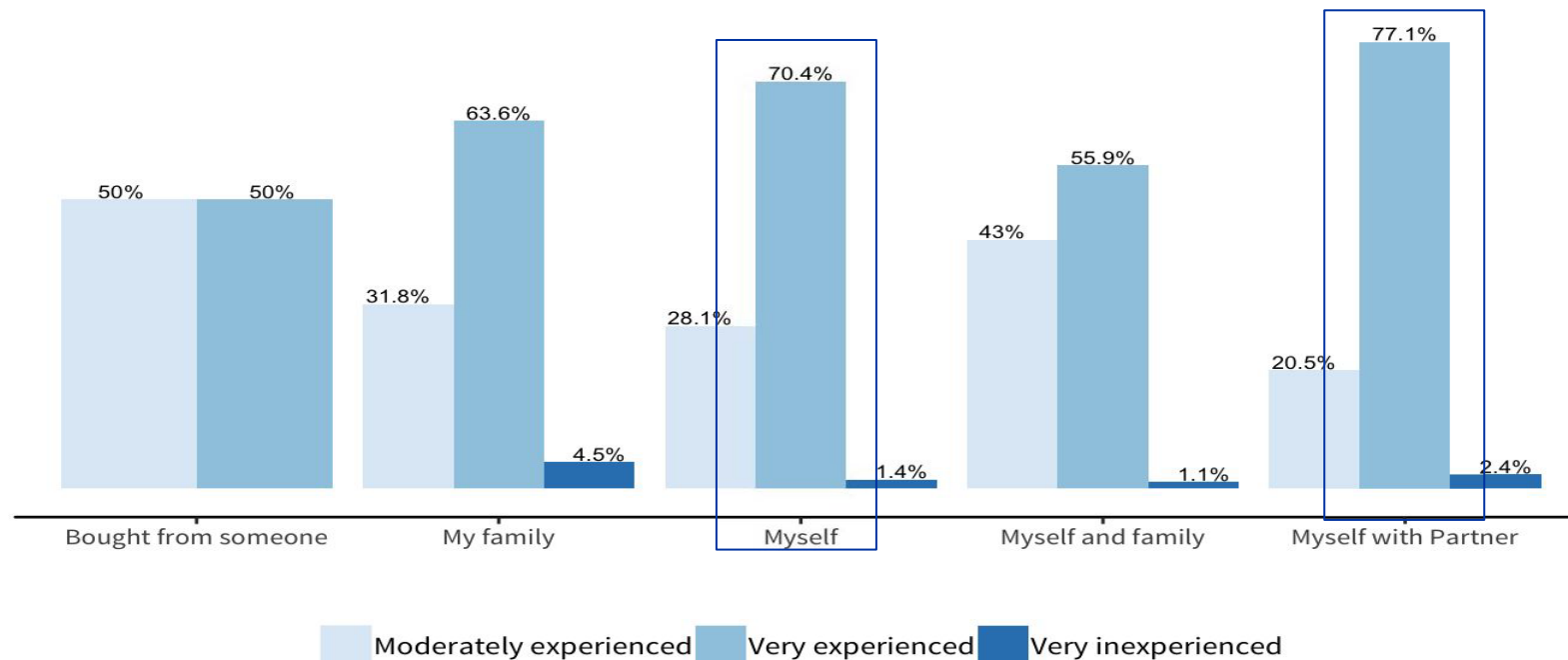
Those who started their own business are much more likely to have a higher value on autonomy.

Individuals that started with partners, by definition of the index, are likely to have less control.

Caution when interpreting: Very low values for “Bought from someone” and “My family”

More experienced people started their business with partners, or by themselves

Who started the business?
By: Funding experience index



it is difficult to hypothesize why; but it seems as though experienced people prefer non-personal ties when establishing their business.

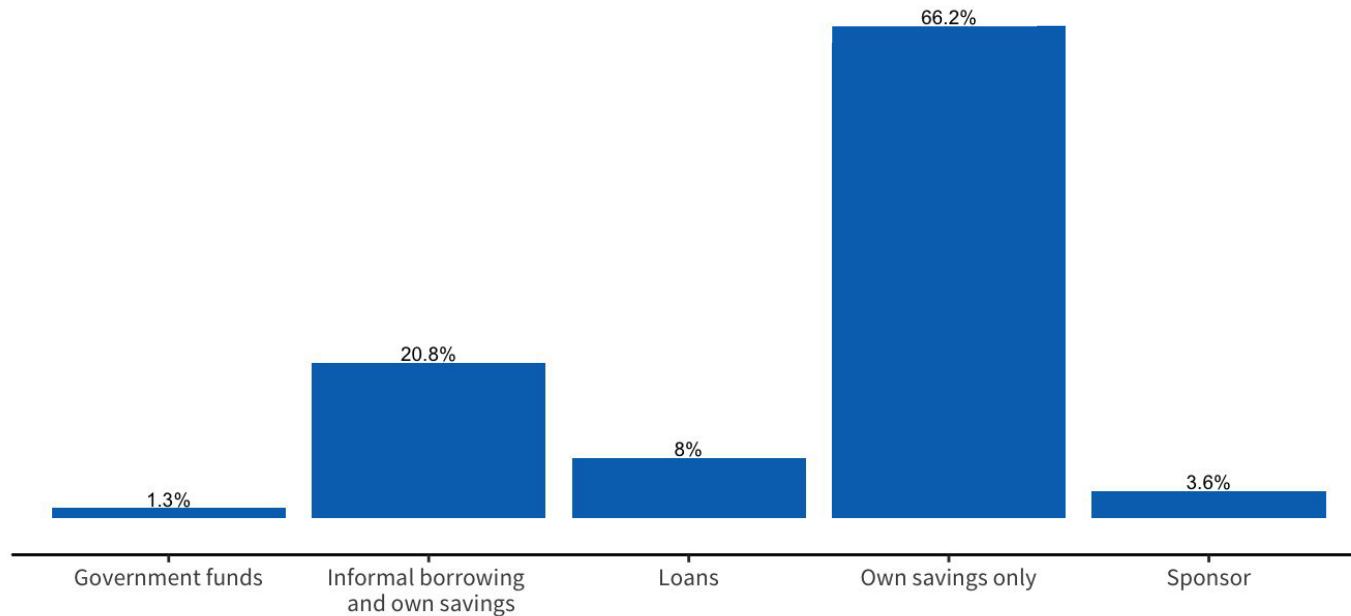
One possible reason is that the gathering of skills while acquiring experience enables them to have the confidence to start on their own, or identify a partner to do it with them.

Caution when interpreting: Very low values for “Bought from someone” and “My family”

Where does the start-up
capital come from?

Personal savings is the primary source of funding

How did you finance the start of your business?

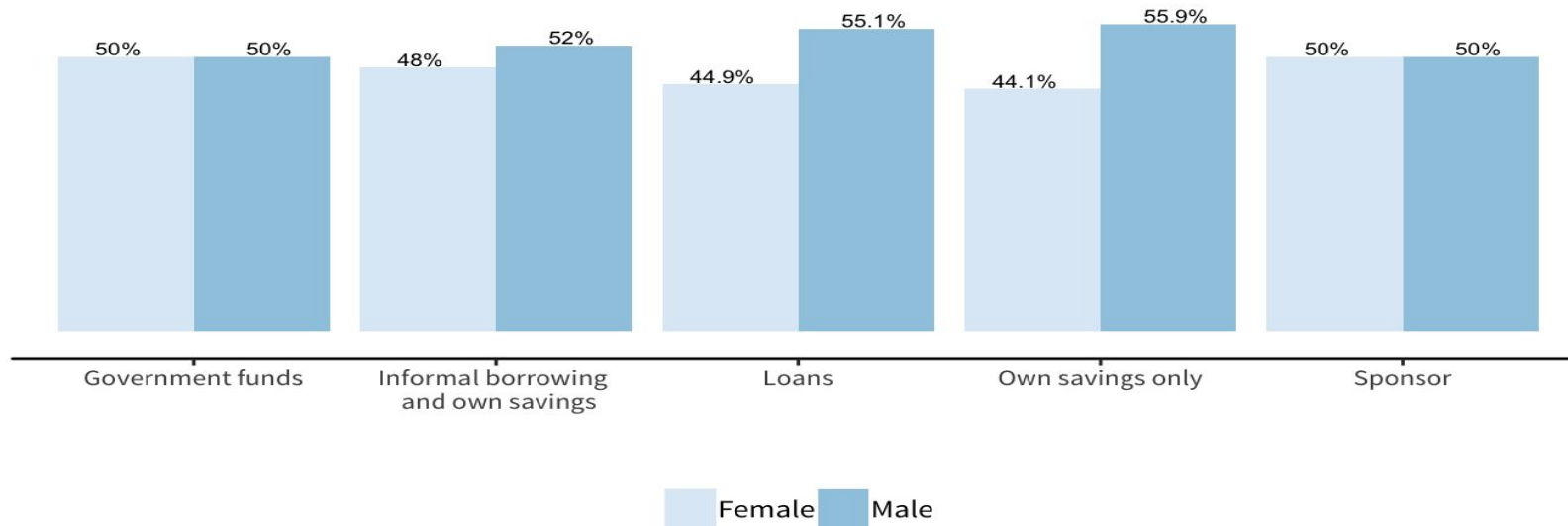


More than half of the sample used savings, followed by a blend of informal borrowing through friends and peers.

There is very limited variation when it comes to gender

How did you finance the start of your business?

By: Gender



Men are slightly more likely to have, and therefore use savings to start a business.

Men are also slightly more likely to use loans; whether this is attributable to preferences or access barriers is however unclear.

Caution when interpreting: Very low values for “Government funds”

The level of one's business experience seems to have an implication on the ability and/or inclination to attract funding from sponsors

How did you finance the start of your business?

By: Business experience



Experienced business people may have a track record, increasing investor confidence. They are also more open to taking credit.

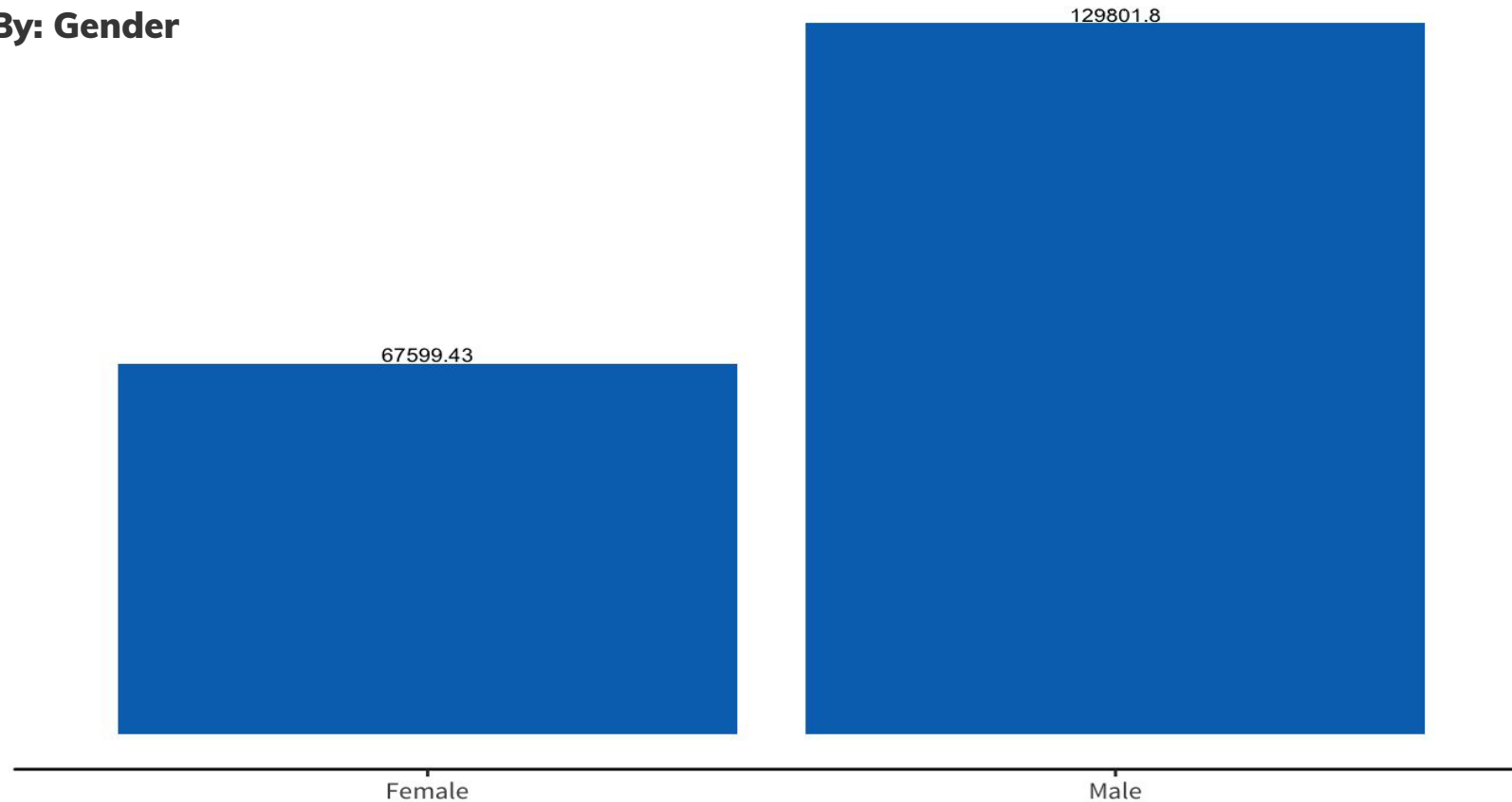
Caution when interpreting: Very low values for “Government funds”

There is a significant gender gap when it comes to access to capital

(Average amounts)

How much money did you spend to start your current business?

By: Gender



The average expenditure to start current business among men and women was Ksh 129,801.8 and Ksh 67,598.43 respectively

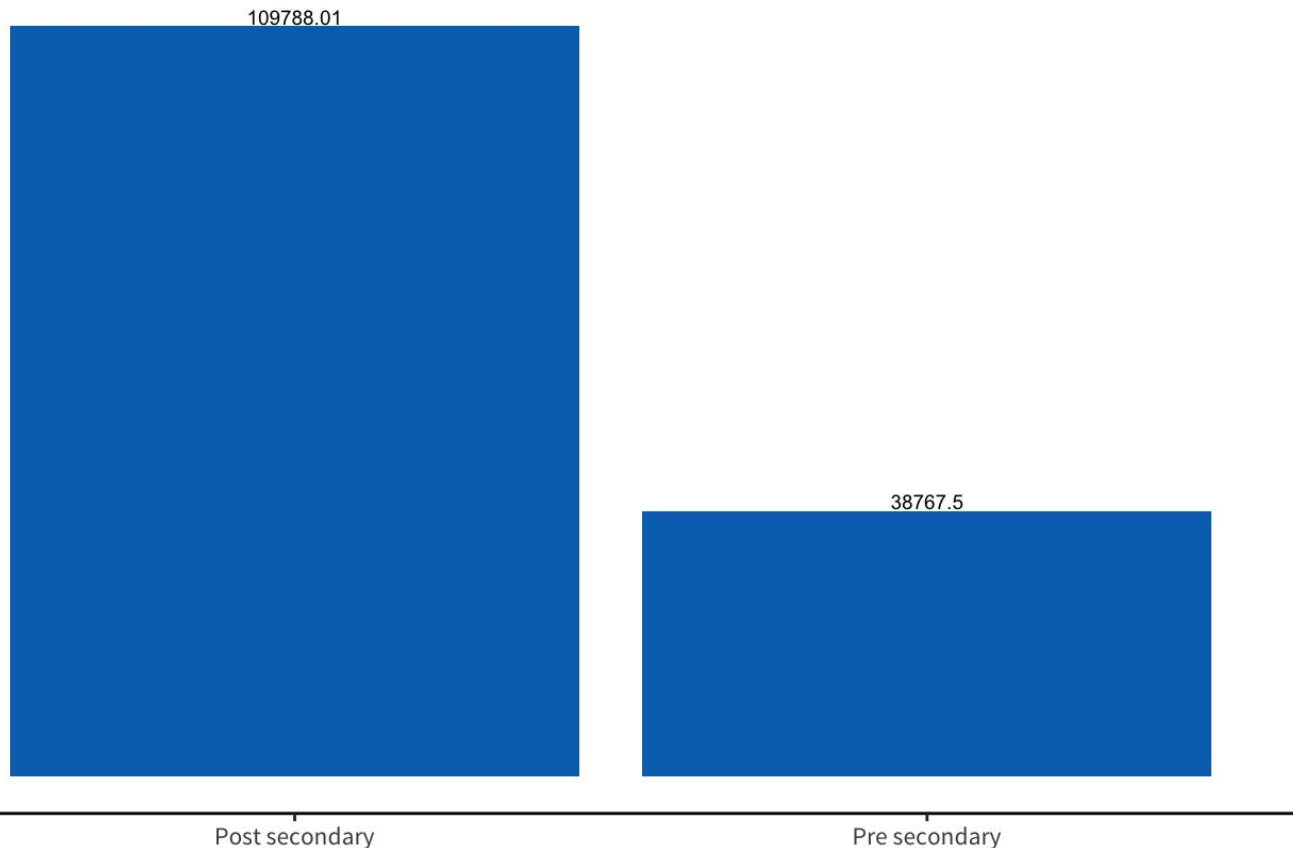
Caution when interpreting: Outliers with larger start-up amounts exist more often among men

On average, more educated people spent more money to start their current businesses than less educated people

(Average amounts)

How much money did you spend to start your current business?

By: Education



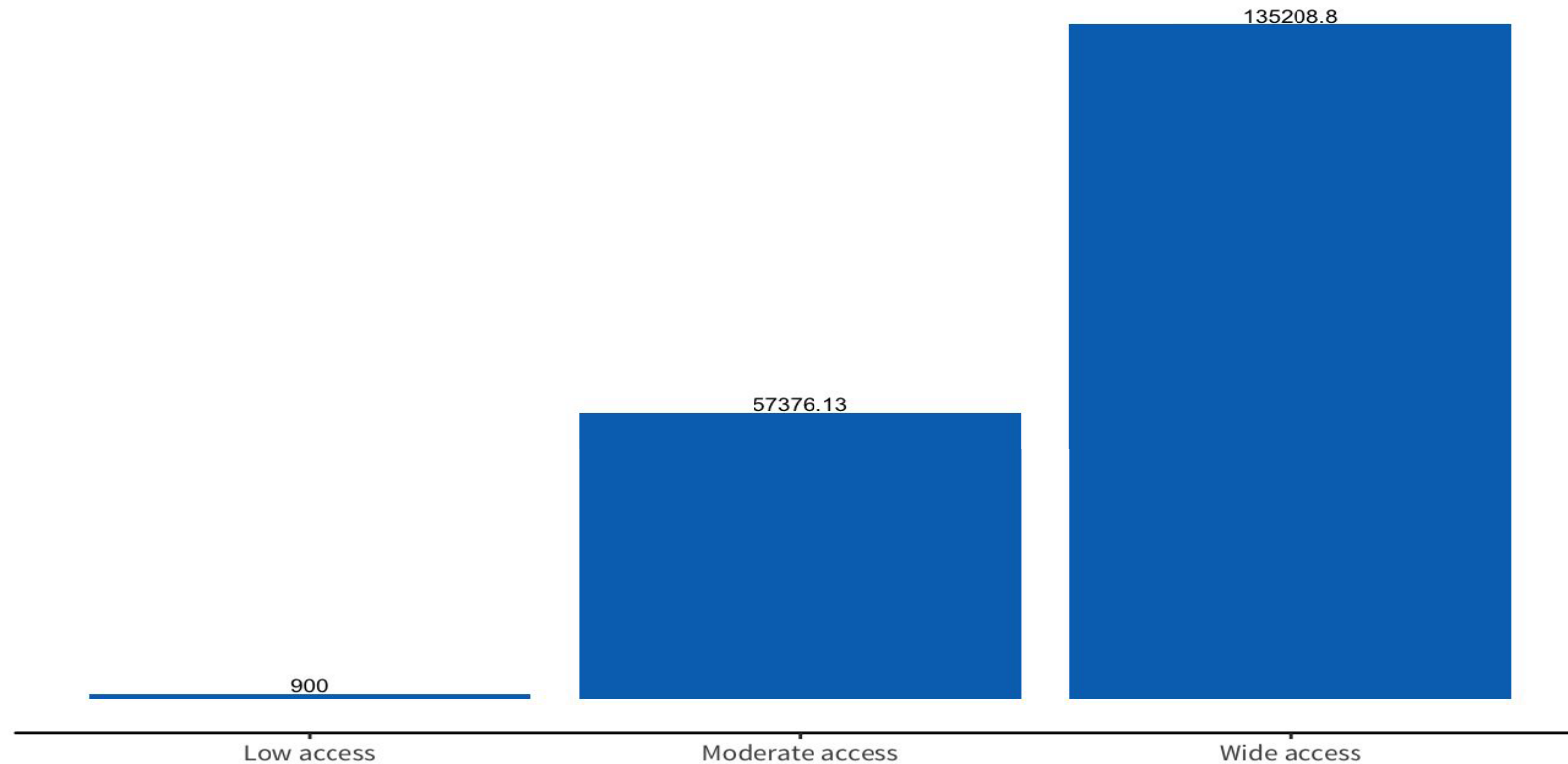
The level of education is an indicator of the socio-economic status one finds themselves in. This would therefore influence the nature of the networks one exists in; where more educated people are more likely to have family members with more money, have been employed in higher paying jobs and also have a greater ability to prepare and present business cases to potential investors.

Wide access to infrastructure is associated with higher average expenditure to start the current business

(Average amounts)

How much money did you spend to start your current business?

By: Infrastructure access



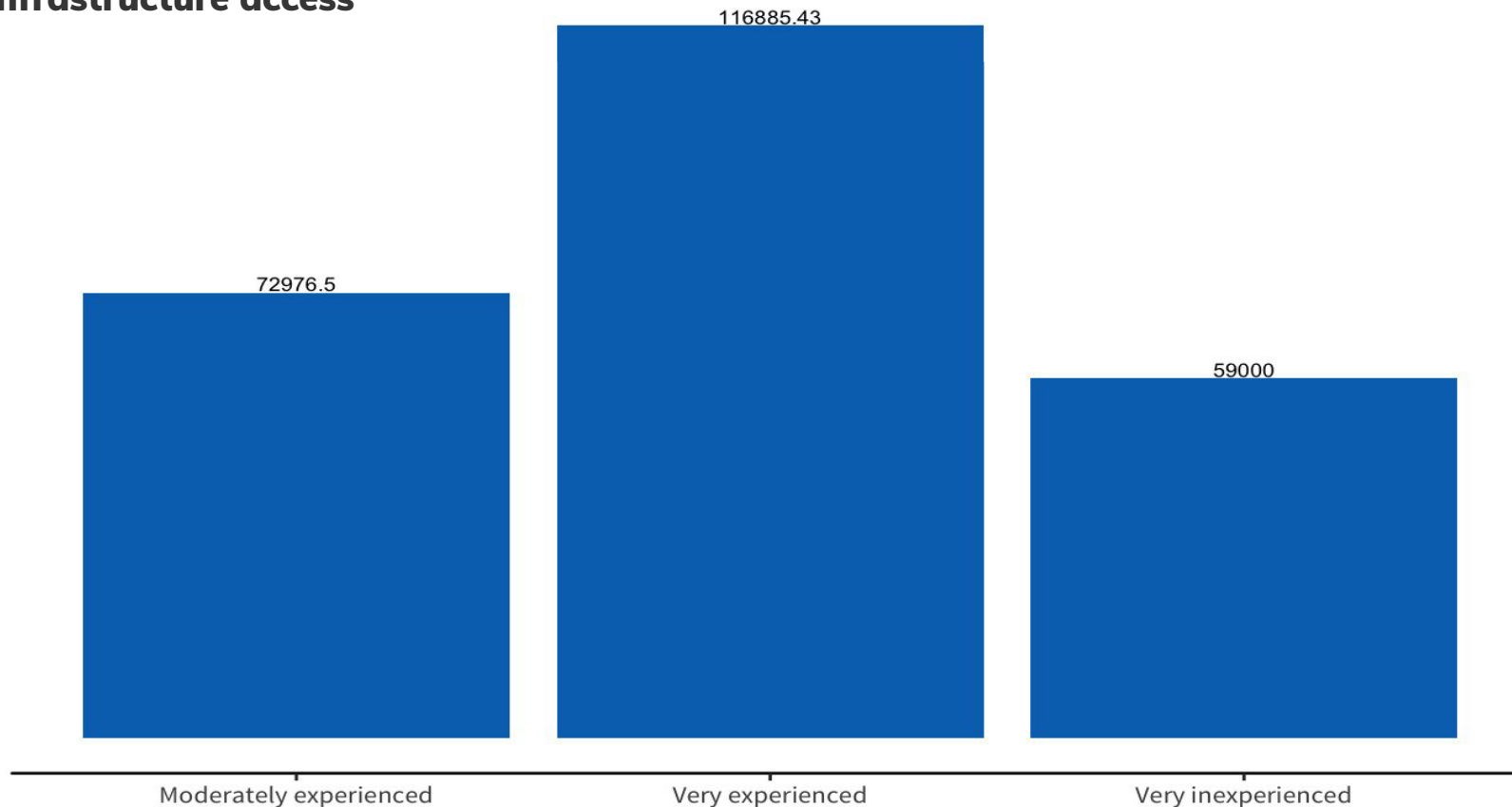
Those in rural areas face more significant challenges in raising startup capital.

Very experienced people in business, on average, spent more when starting their current businesses than moderately and very inexperienced people

(Average amounts)

How much money did you spend to start your current business?

By: Infrastructure access



Very experienced on average spent twice the amount spent by very inexperienced people.

Seasoned entrepreneurs are likely to be less risk averse and have capital acquired from other ventures.

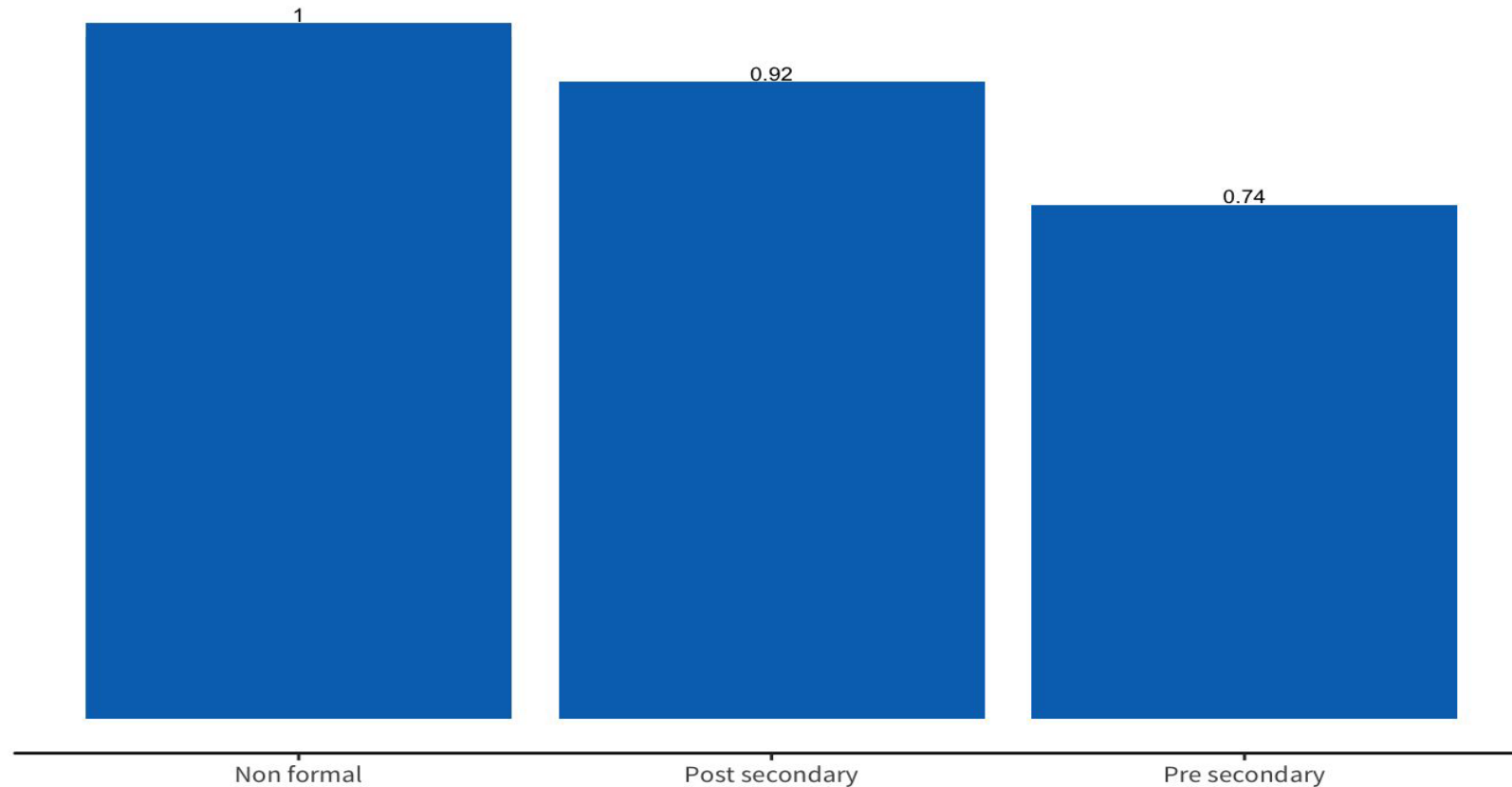
**Is this their first attempt
at running a business?**

Uneducated people, on average, owned slightly more businesses than educated ones.

(Average amounts)

How many businesses have you owned in the past?

By: Education



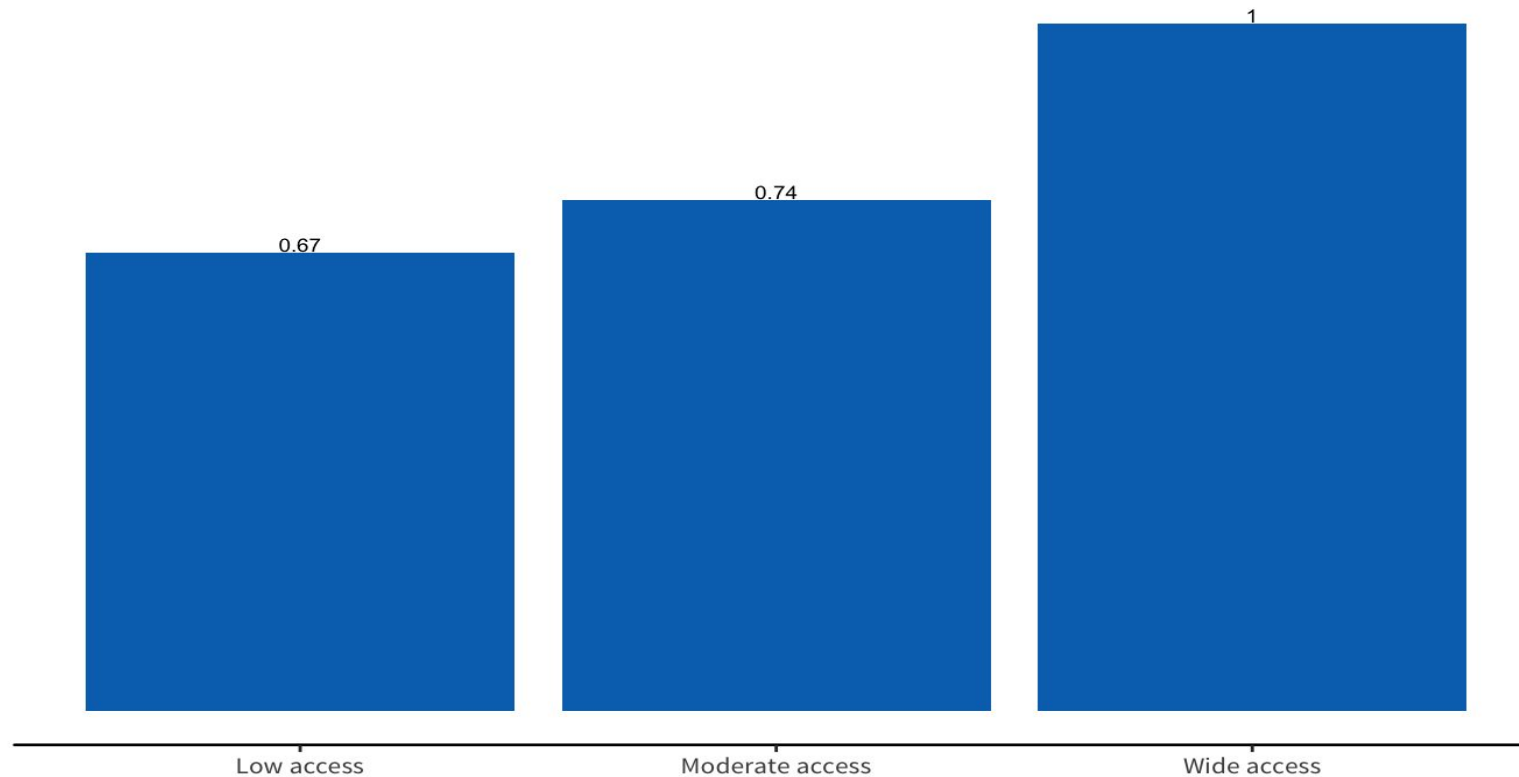
This can be attributed to the limited career choices available to uneducated people, thus try their hands in numerous businesses.

People with wider access to infrastructure are more likely to have started another business

(Average amounts)

How many businesses have you owned in the past?

By: Infrastructure index

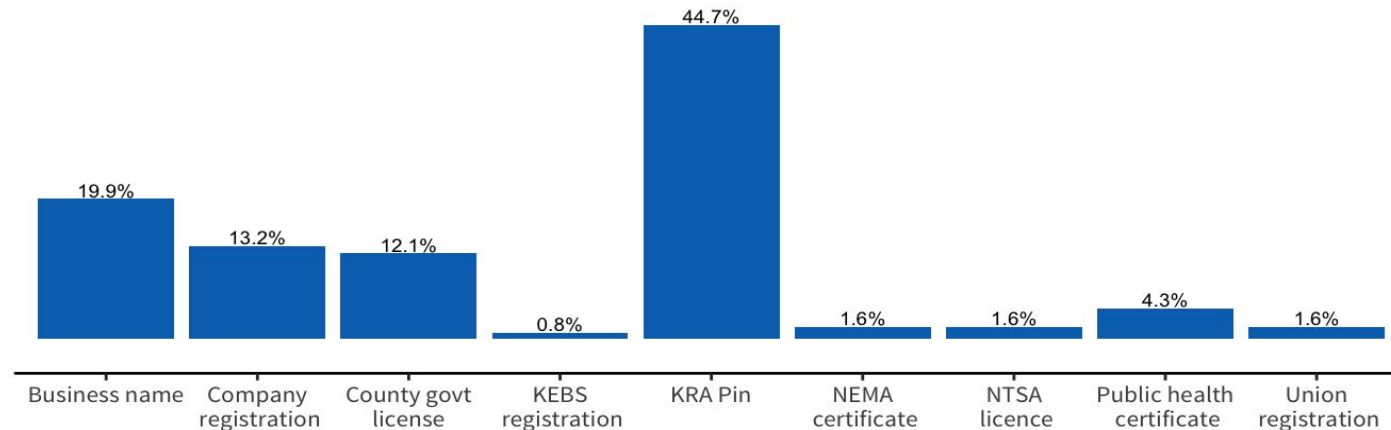


This is despite the fact that those with low access are more likely to be from rural areas, who often have resources such as land readily available for agribusiness. Those in rural areas would therefore benefit from being empowered with information on how to better identify value.

**What documentation do
these businesses have?**

Slightly less than half of entrepreneurs have a KRA pin, which is a concern as it is a minimum requirement for access to public and private services today.

What legal documents does respondents business have?



Formal registration of companies would also be beneficial, for liability issues and to enable access to other formal services.

A photograph of a banana plantation with large green leaves and brown trunks, viewed from a low angle looking up. A solid blue rectangular box is overlaid in the center, containing white text.

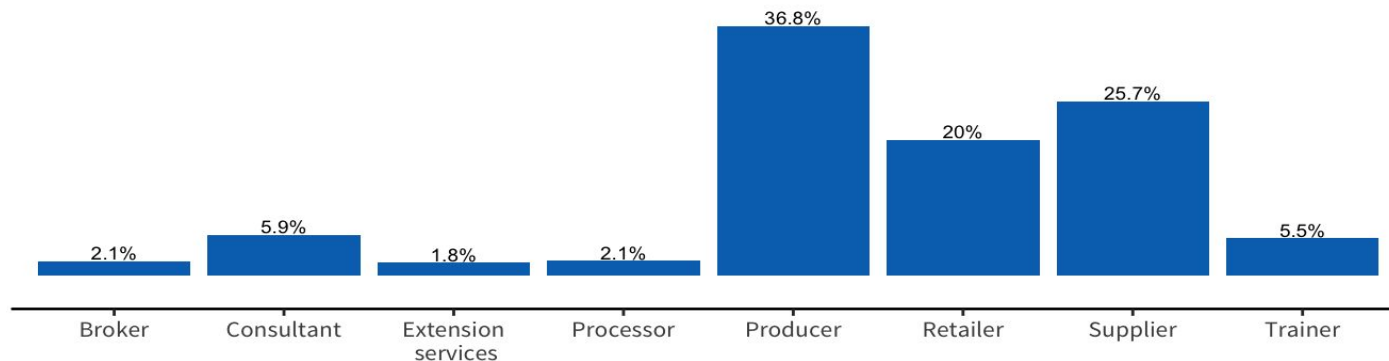
Understanding our entrepreneurs: Business practices

What are our
entrepreneurs involved
in?

There is a diversity of entrepreneurs in the value chain, with more representation from more popular activities

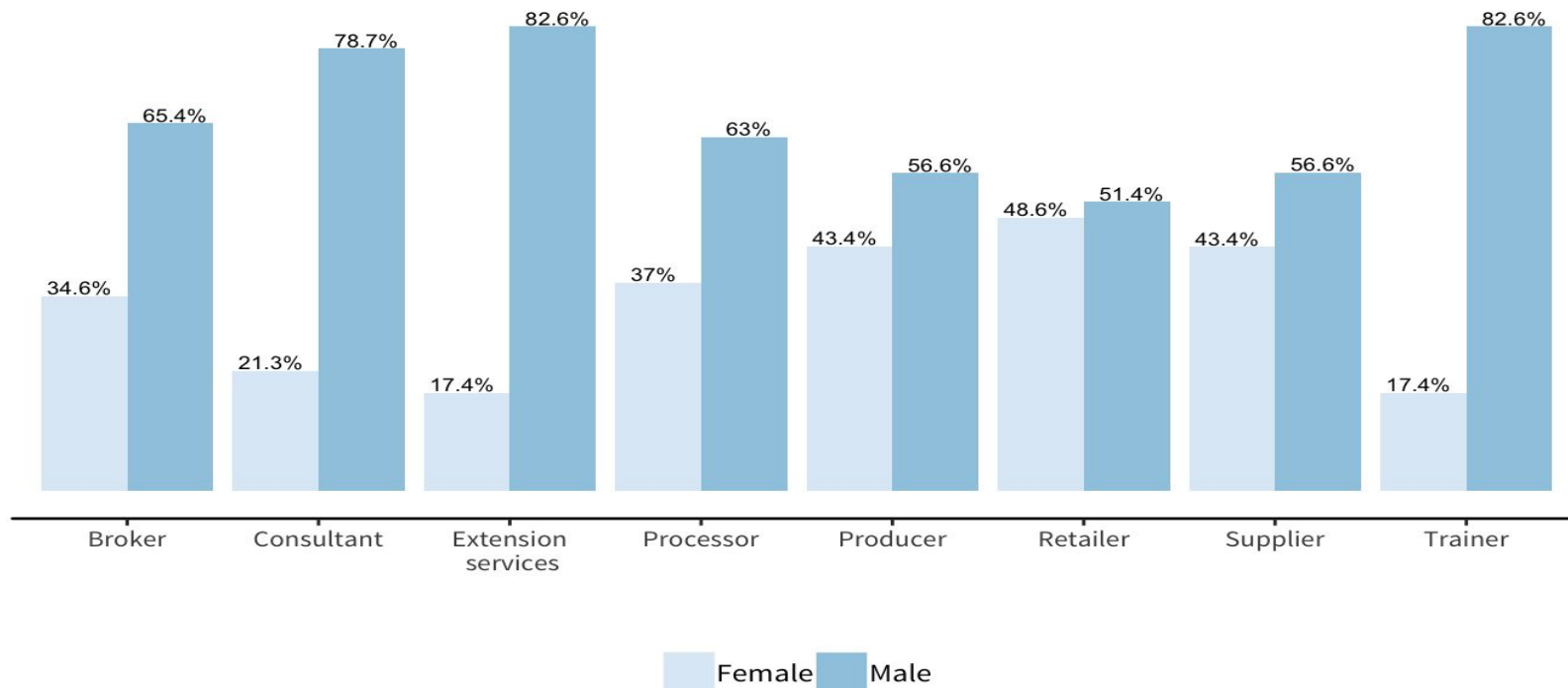
What is the nature of your agribusiness?

Producers, suppliers and retailers are more represented in the sample, resembling what one would expect in participation statistics for the overall agriculture value chain.



Women seem to prefer end-user facing businesses; retail and supply

Nature of respondents agribusiness grouped by gender

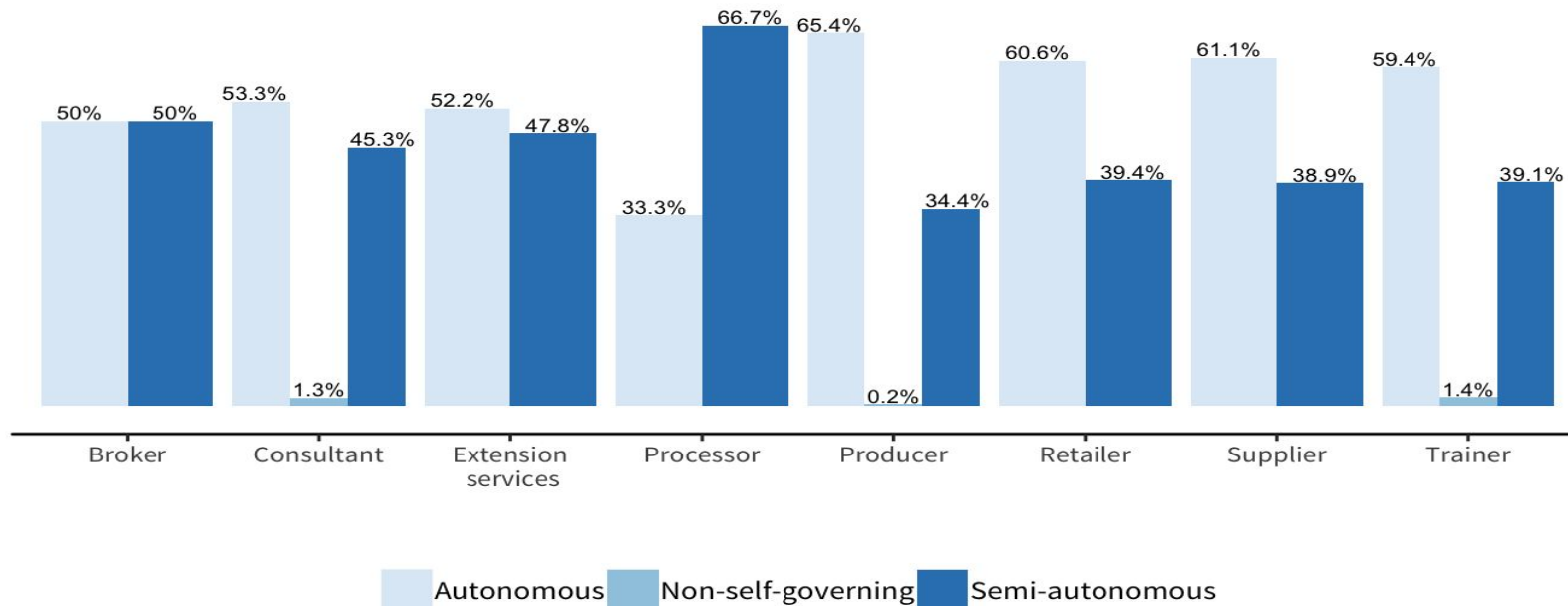


The gaps observed in extension services, consulting, training and processing may be attributable to a lack of individual training and skills men have access to, and that women may not.

This initiative may be capable of, or aim to transition people or expand business towards activities on other sections of the value chain.

Retail and supplies tend to have more individuals that are autonomous

Nature of respondents agribusiness grouped by house_hold_autonomy



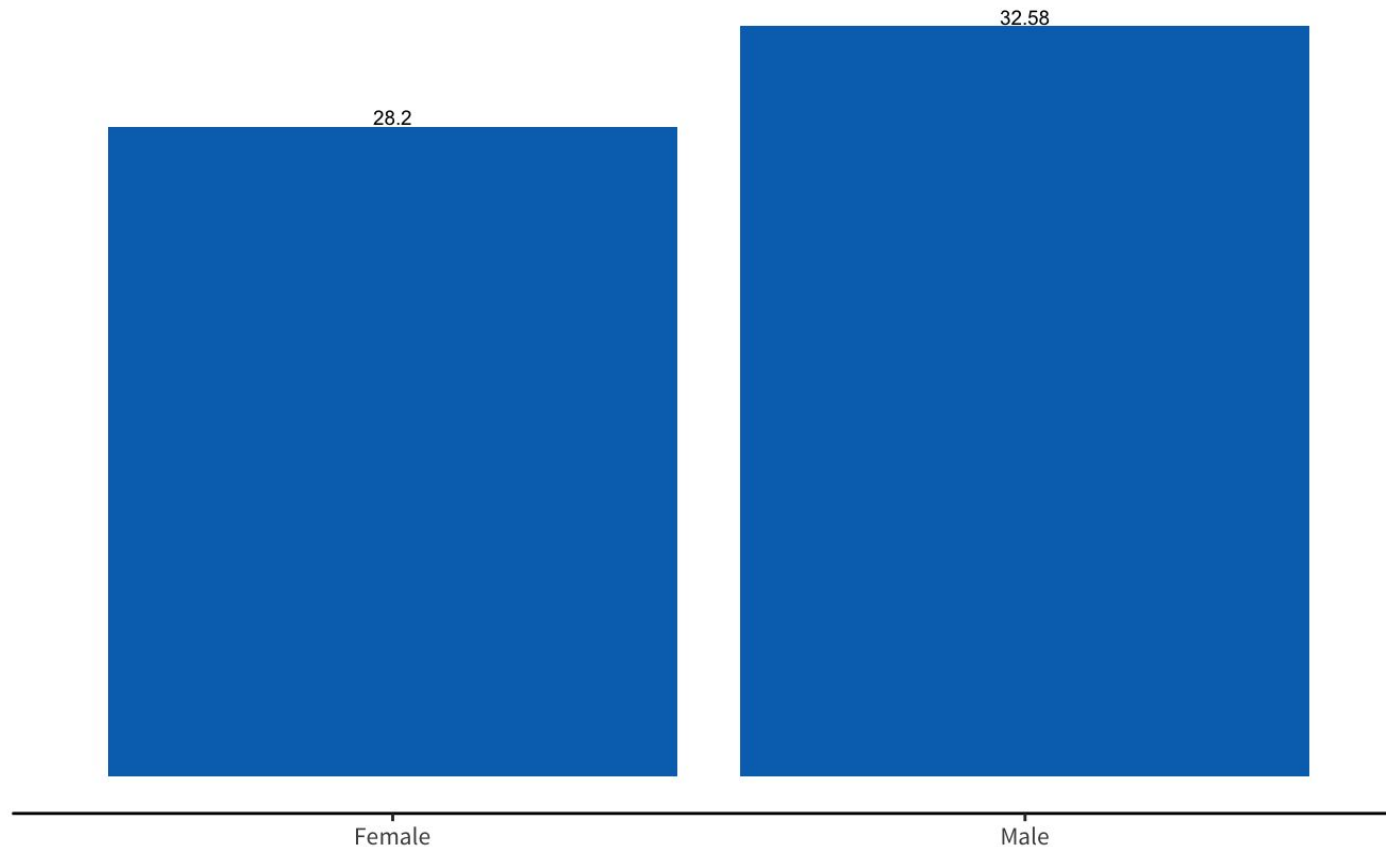
Processing and brokering are more capital and skill demanding, perhaps explaining there is relatively less autonomy as more stakeholders are likely to be involved.

How do they run their
businesses?

Men spend slightly more time at their businesses on average than women

How many hours per week do you spend on your business?

By: gender



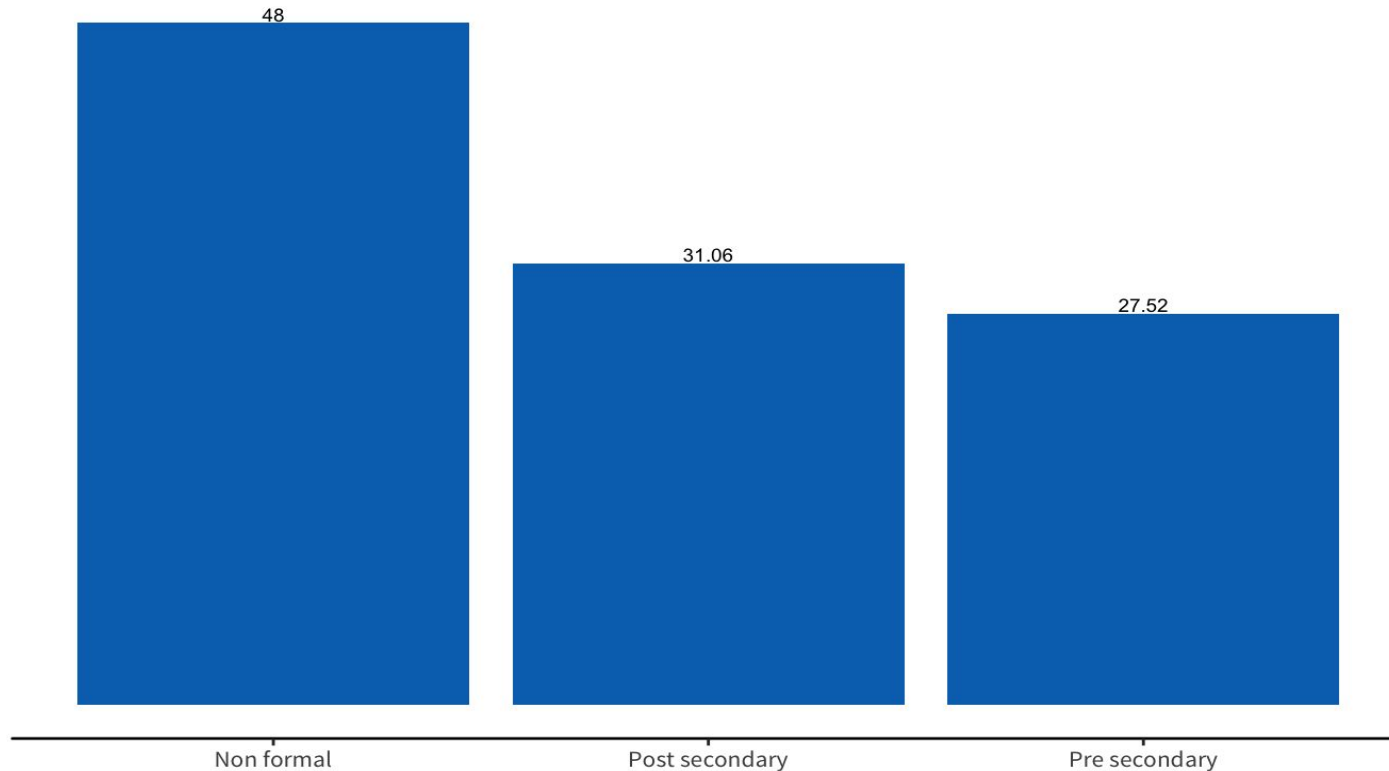
Men spend an average of 4 hours more than women at their businesses every week.

In many instances, women are time-constrained since they are the primary caregivers at the households, they thus try to balance their time between their businesses and tending to household chores e.g caring for children, cooking etc
Time management solutions and skills may therefore be paramount for women.

Uneducated people allocate almost twice the time moderately and highly educated people allocate to their businesses

How many hours per week do you spend on your business?

By: Education



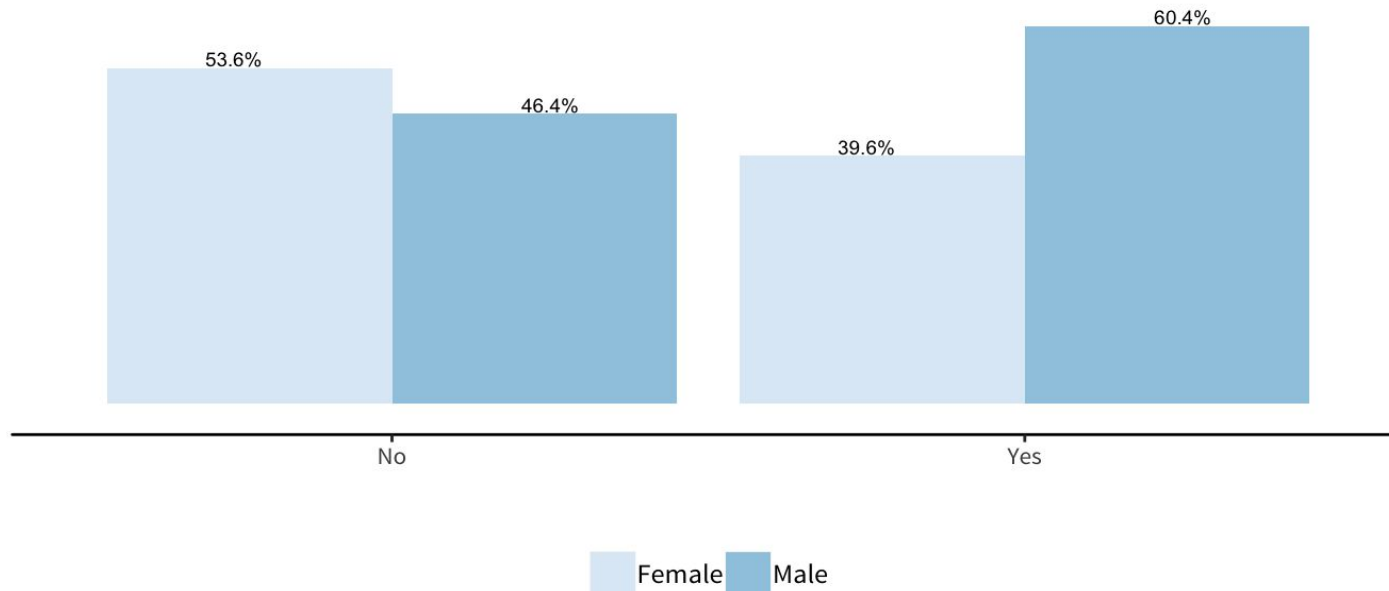
Time allocation to business among post secondary educated people is on average 18 hours less than that of uneducated people.

It is likely that some educated people have other opportunities such as employment that take away their ability to run the businesses full time.

More men than women engage in other income generating activities

Are you engaged in other income generating activities besides this business?

By: gender



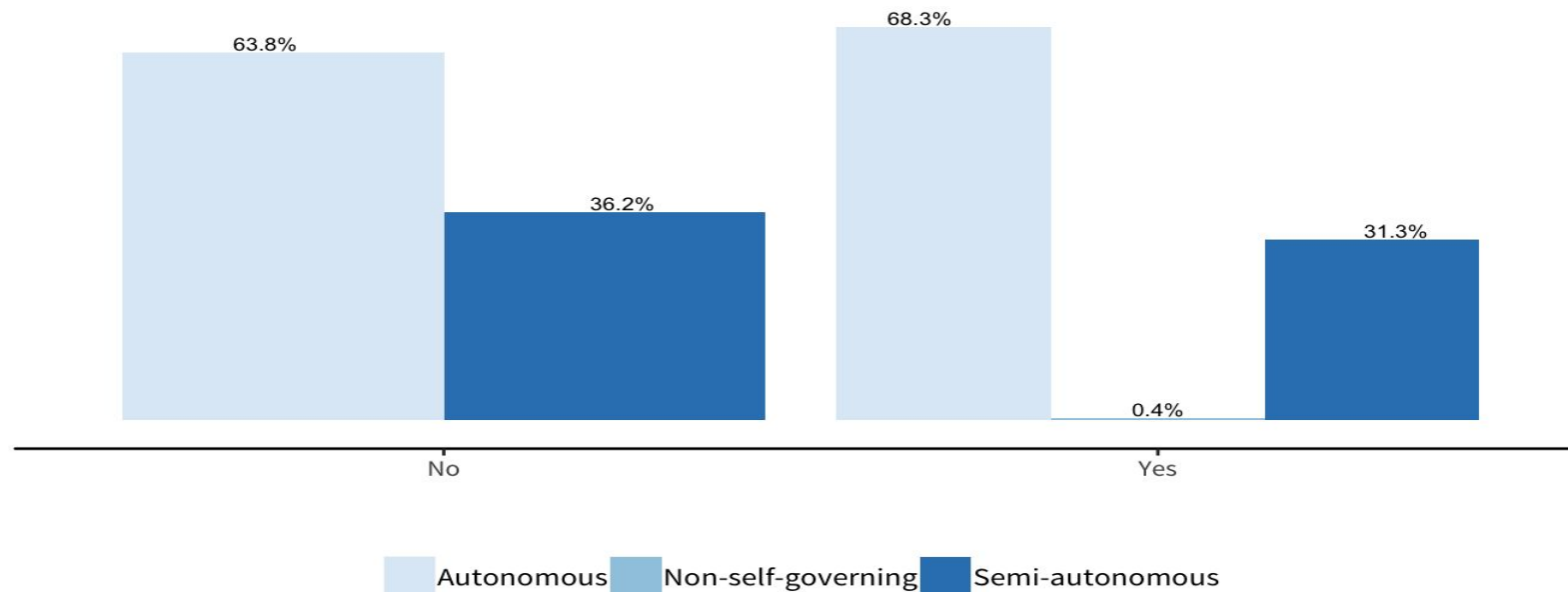
About 60% of men reported that they engage in other income generating activities while about 40% of women did the same.

As earlier observed, women are more time-constrained than men. Diversifying is key for business financing, and the application of skills learned elsewhere.

Participation in other income generating activities among those with autonomy was twice that of those with less of it.

Are you engaged in other income generating activities besides this business?

By: autonomy index



Autonomous households recorded 68% participation in other income generating activities while semi-autonomous ones recorded 31% participation.

Those with autonomy have more control over their schedules, therefore they can make the time to diversify.

A photograph of a banana plantation with large green leaves and brown trunks, viewed from a low angle looking up. A solid blue rectangular overlay covers the upper two-thirds of the image, serving as a background for the title text.

Business finance dynamics

Challenges in raising funds

There are many who find it difficult to understand financial services, even if they know of them.

Do you find formal financial services complicated and confusing?

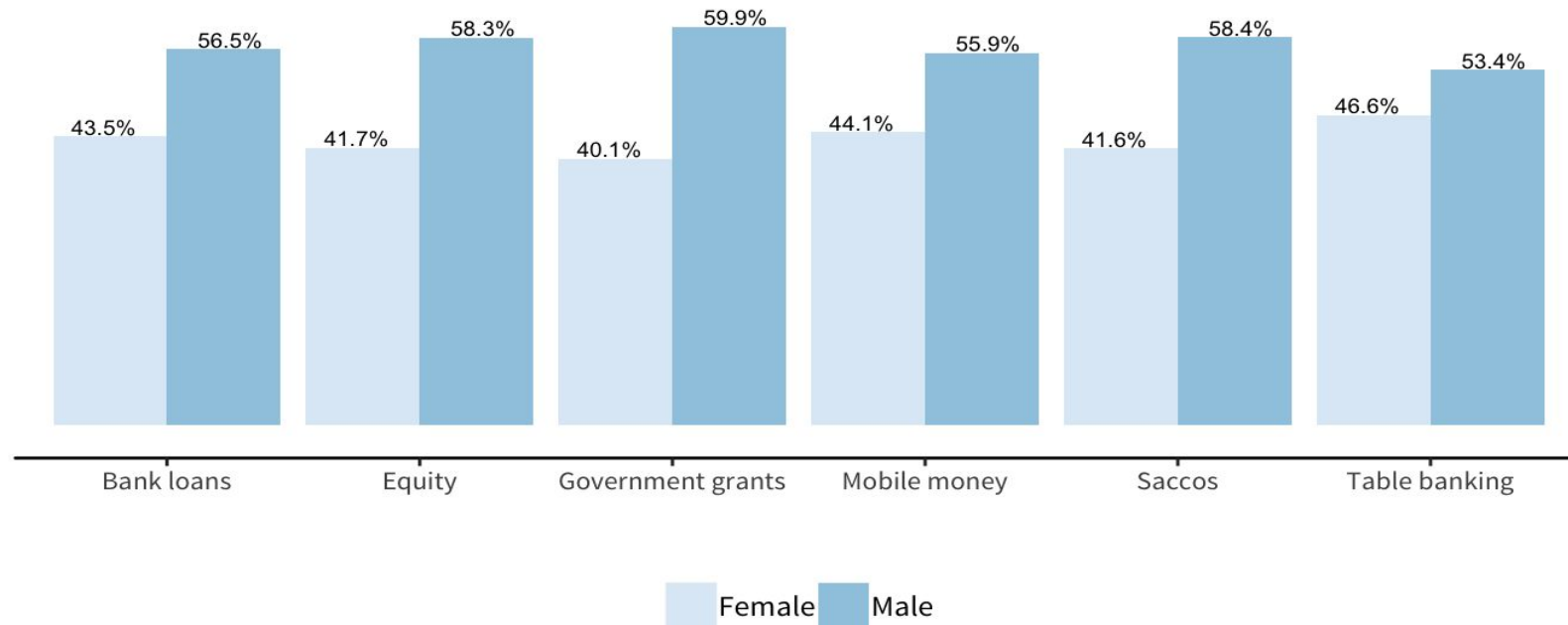


Limited comprehension of these services work will inevitably lead to lack of usage. If and when they are used, they may be used improperly, diminishing the intended value intended during uptake.

Men are generally more likely to be aware of sources of funds, but not by a lot.

Respondents are familiar with the following sources of funds grouped by gender

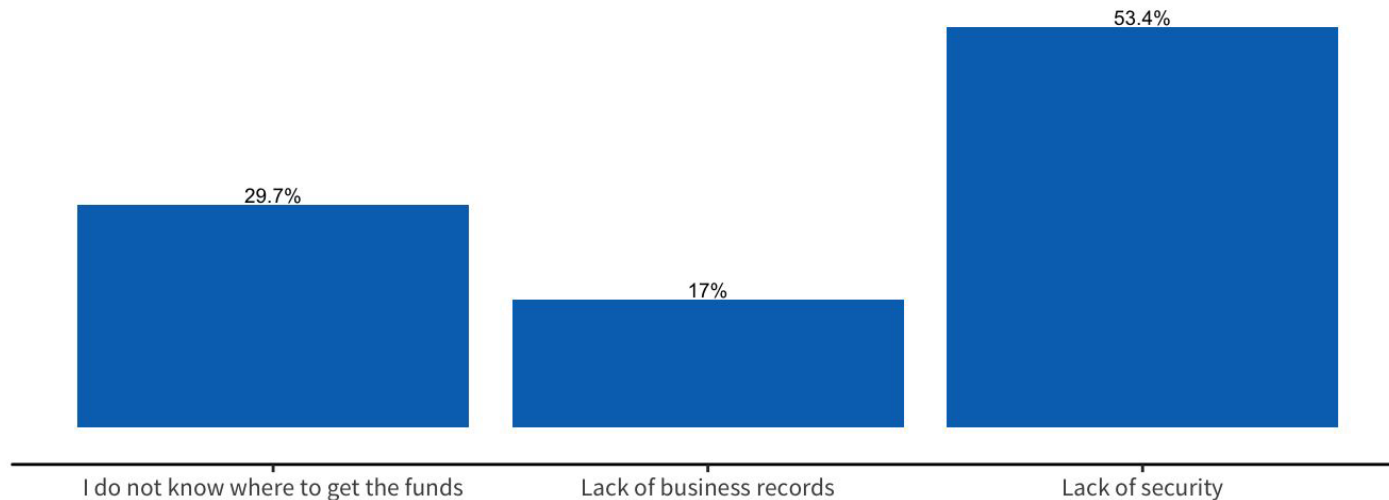
Awareness about sources of business funds was 10 percentage points higher among men than women across almost all the sources.



Lack of collateral was cited most frequently as a hindrance to access to financing

What have been the major challenges in your attempt to raise funds for your business?

Given the entire sample comprises mostly of young people, their ability to put down an asset or something of considerable value is quite limited.

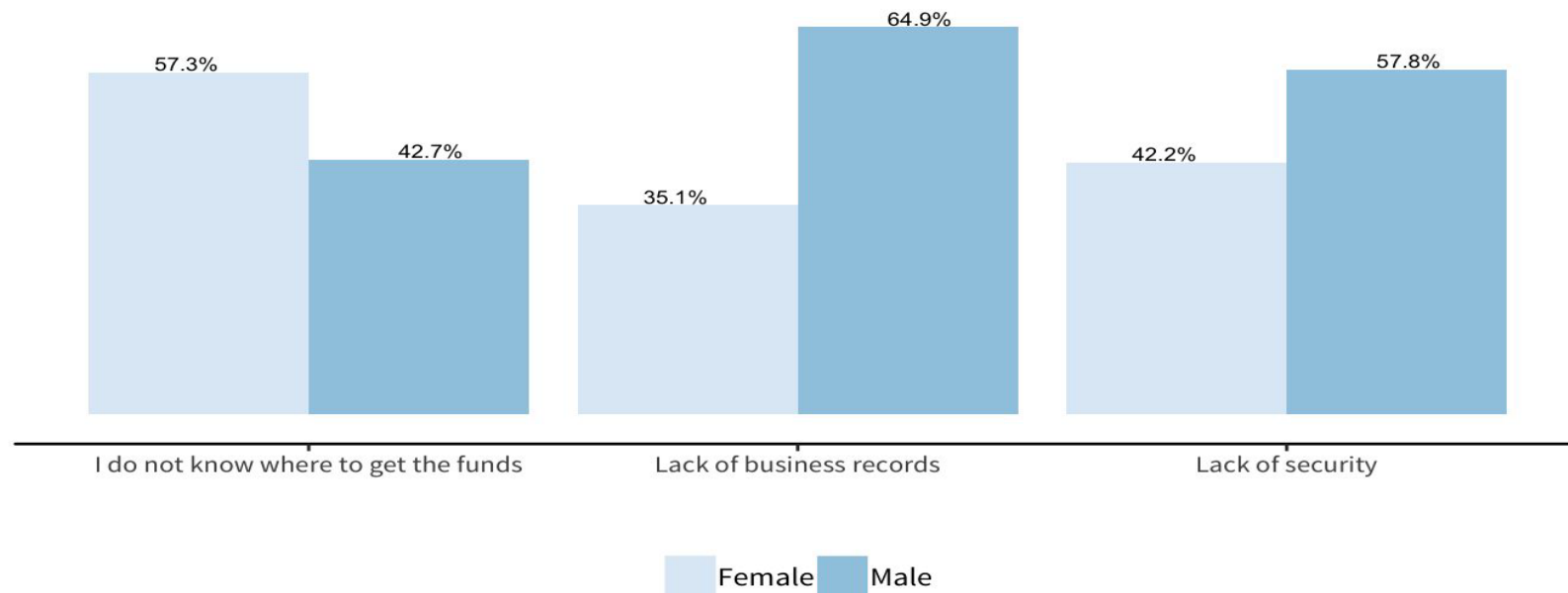


Women are less likely to be aware of sources of funds and their prerequisites, leading to men being much more likely to cite lack of records as a barrier.

What have been the major challenges in your attempt to raise funds for your business?

By: Gender

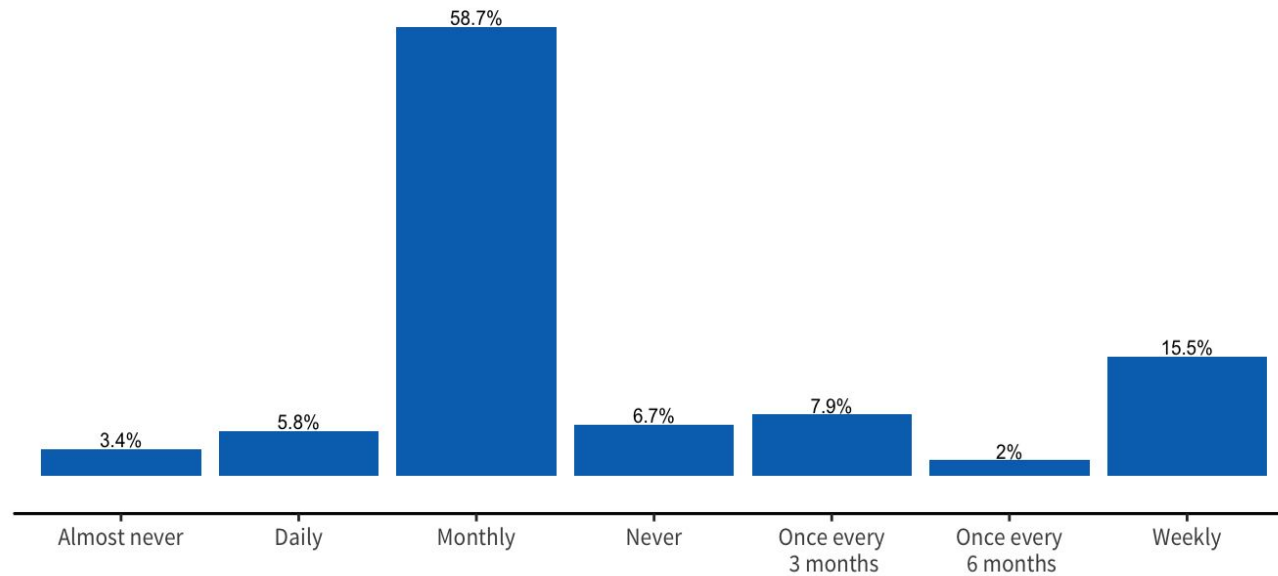
Women were disproportionately more challenged due to unawareness about sources of business funds than men



Financial attitudes and behaviors

Savings behavior is exhibited most frequently on a monthly basis

How often do you keep/put money aside or save?

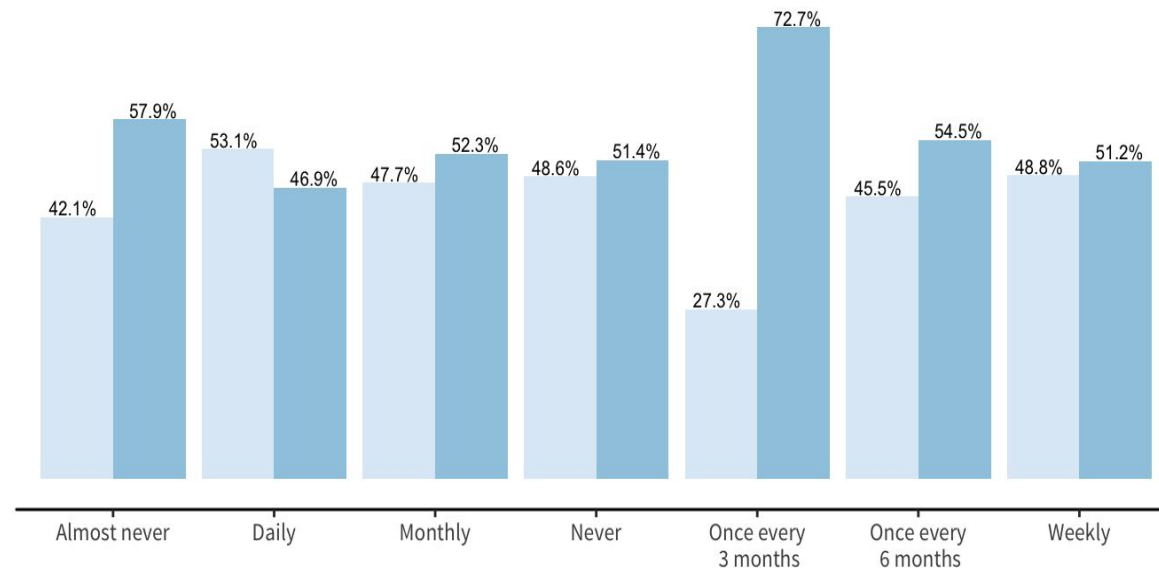


Meaningful savings are more likely to be achieved when people put money aside more frequently than once a month.

Women tend to exhibit slightly better savings behaviors

How often do you keep/put money aside or save?

By: Gender



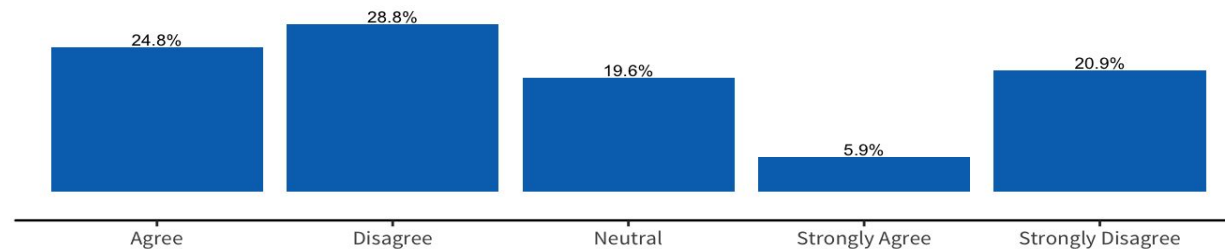
Women were less likely to claim that they almost never save, and slightly more likely to claim that they save on a daily basis.

Skills and tools to influence savings behavior will likely manifest in the overall financial well being of the entrepreneur and their business.

People's ability to project their income is limited, as around half do not know how much they can expect to make on a business day

In the morning, you usually know approximately how much money you will earn that day.

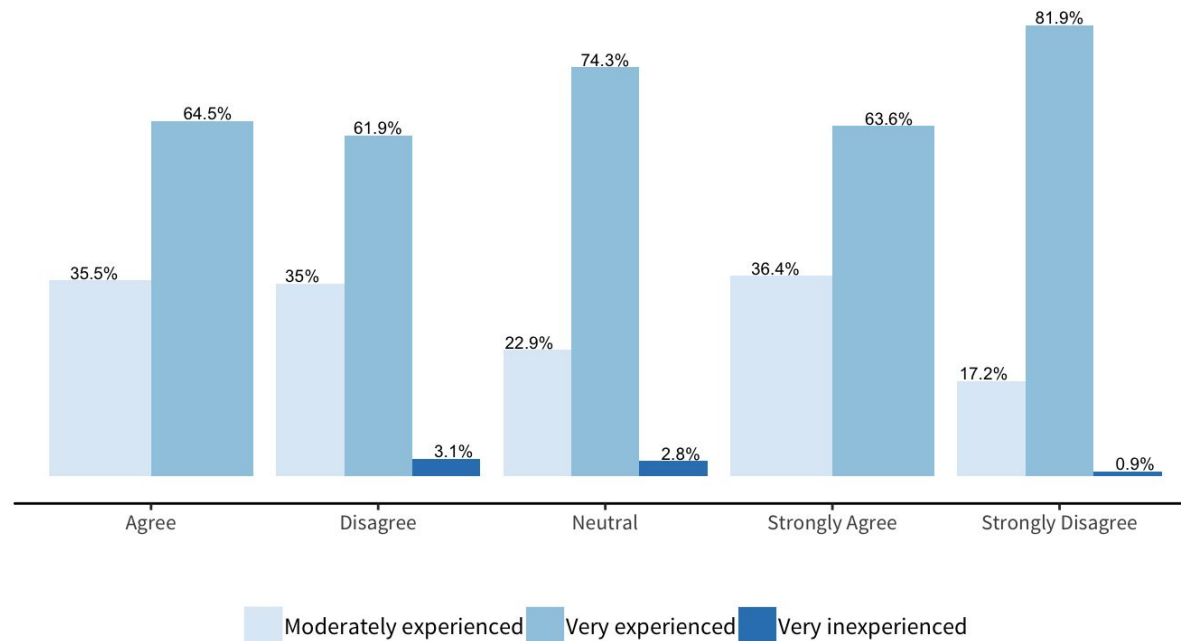
It is for now unclear the proportion that attribute this to market dynamics, or the lack of ability to keep records that help them project.



Even people who have business experience struggle with this

In the morning, you usually know approximately how much money you will earn that day.

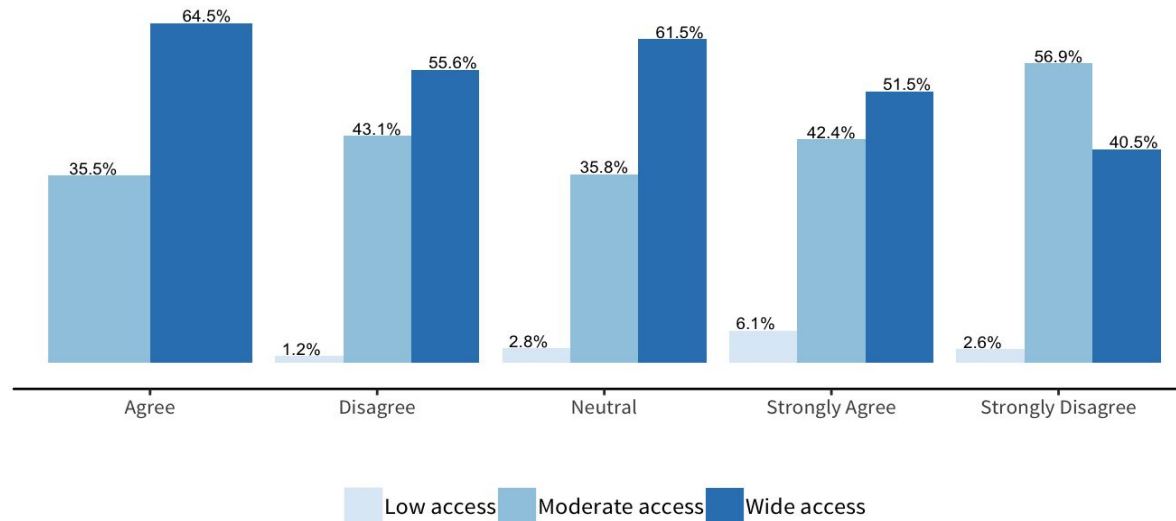
By: Business experience index



People who have more access to technology tend to be better at projecting their income

In the morning, you usually know approximately how much money you will earn that day.

By: Technology access index



Wider access to, and ability to effectively use of technology will assist entrepreneurs to better project and plan their finances effectively.

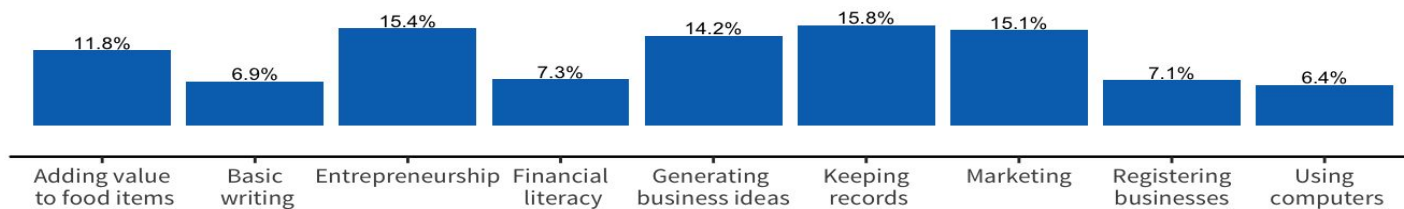
Skills and tools to influence savings behavior will likely manifest in the overall financial well being of the entrepreneur and their business.

A photograph of a banana plantation serves as the background. The image shows rows of banana trees with large, green, slightly yellowed leaves. The ground is covered with dry leaves and soil. A large, solid blue rectangular box is overlaid on the upper half of the image, containing the title text in white.

Business training and mentorship dynamics

Those that have received training have gotten training in a diverse set of areas

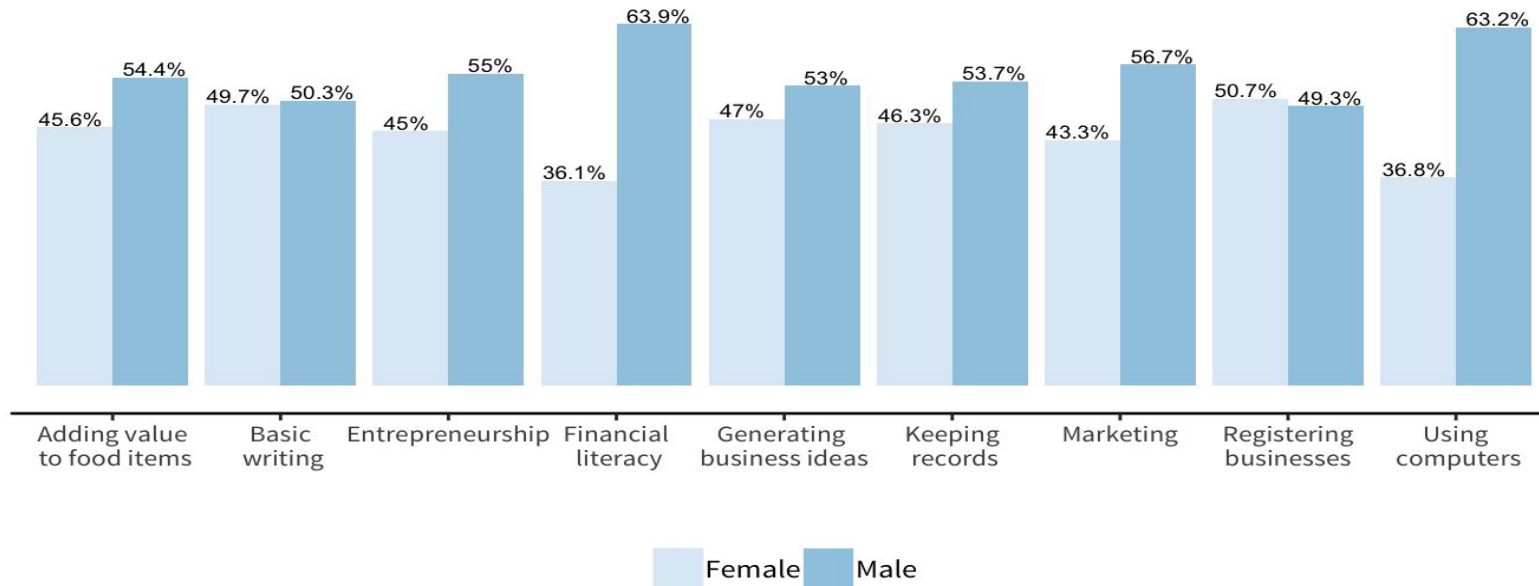
Which areas have you received training before?



Women are much less likely to have received training in financial literacy than men, which is a concern.

Which areas have you received training before?

By: Gender

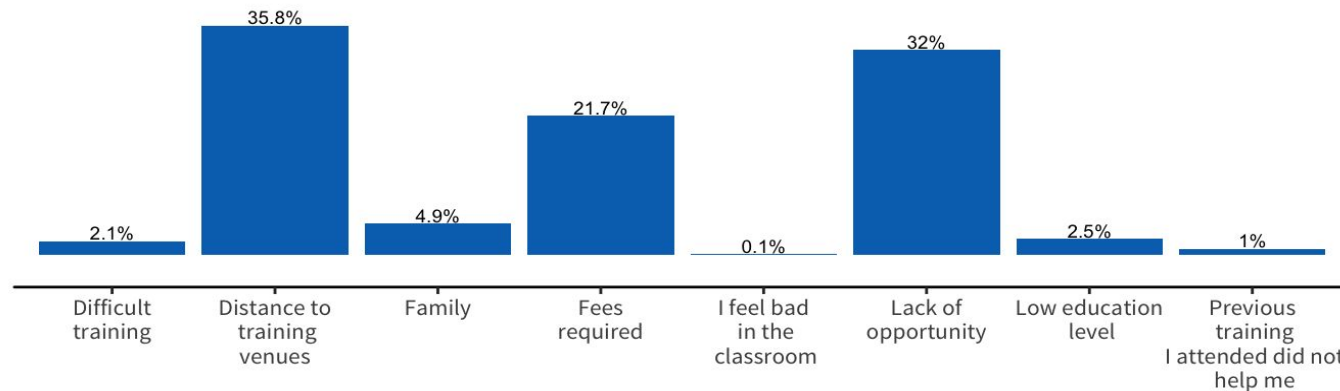


Financial literacy is integral to the running of a business. If this is lacking, it threatens the successful management and longevity of the business.

Physical distance is a major hindrance to people attending trainings.

What would you say are the main challenges to you attending training?

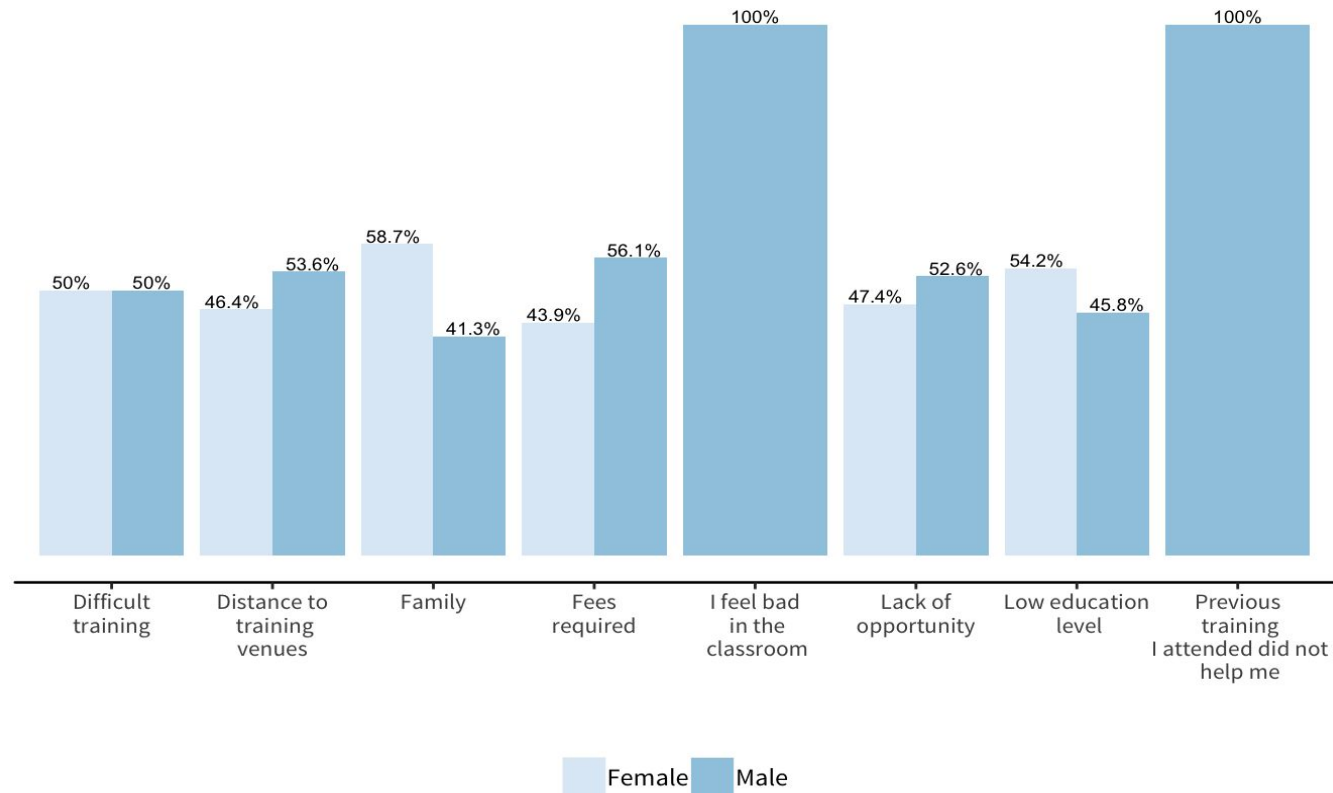
A close second is the lack of awareness of training opportunities.



Women predictably more often cite family demands as a hindrance to their ability to attend training

What would you say are the main challenges to you attending training?

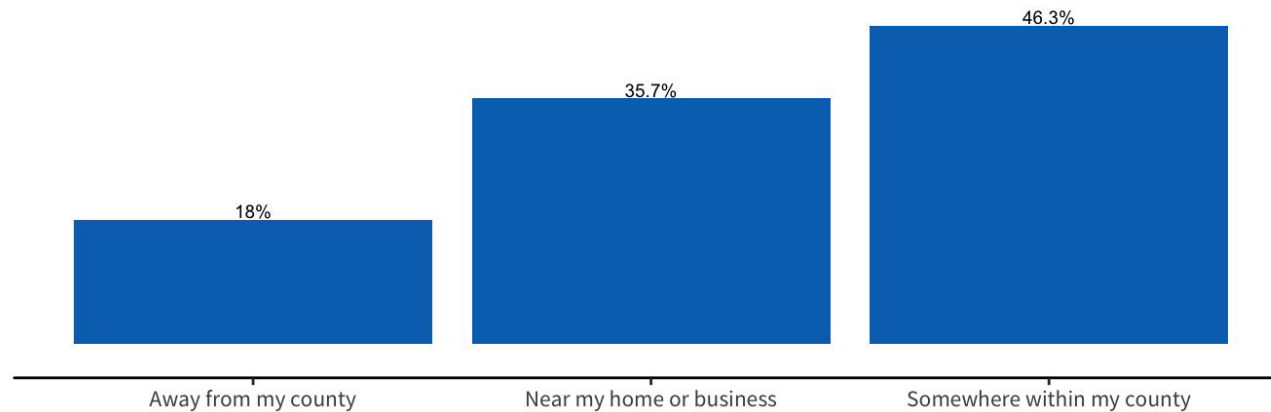
By: Gender



Women also more frequently cite lower education, indicating they may anticipate that they would feel intimidated if they attended trainings where they did not quickly understand the content.

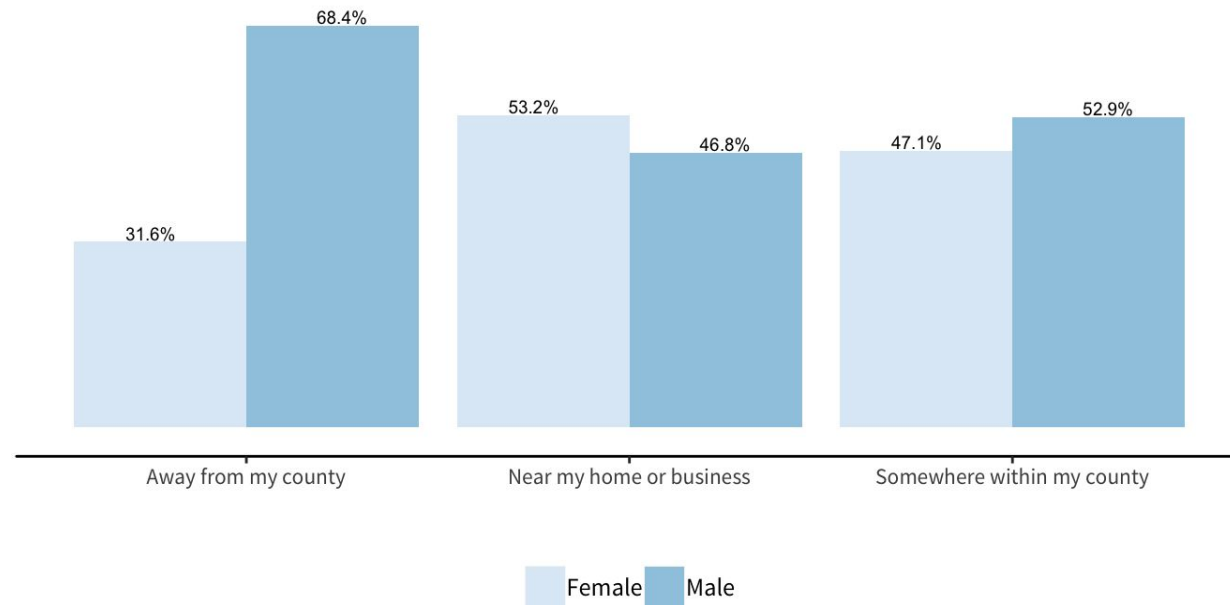
We therefore see more people preferring to attend trainings closer to where they are at a total level

If offered the opportunity to train, would you prefer that the training takes place;



Men are much more likely to not mind having to travel to attend trainings than women

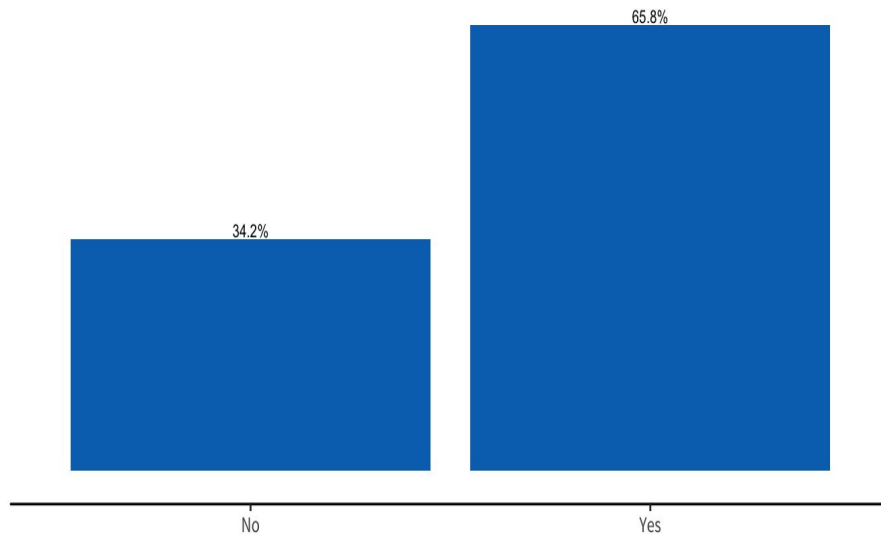
If offered the opportunity to train, would you prefer that the training takes place;



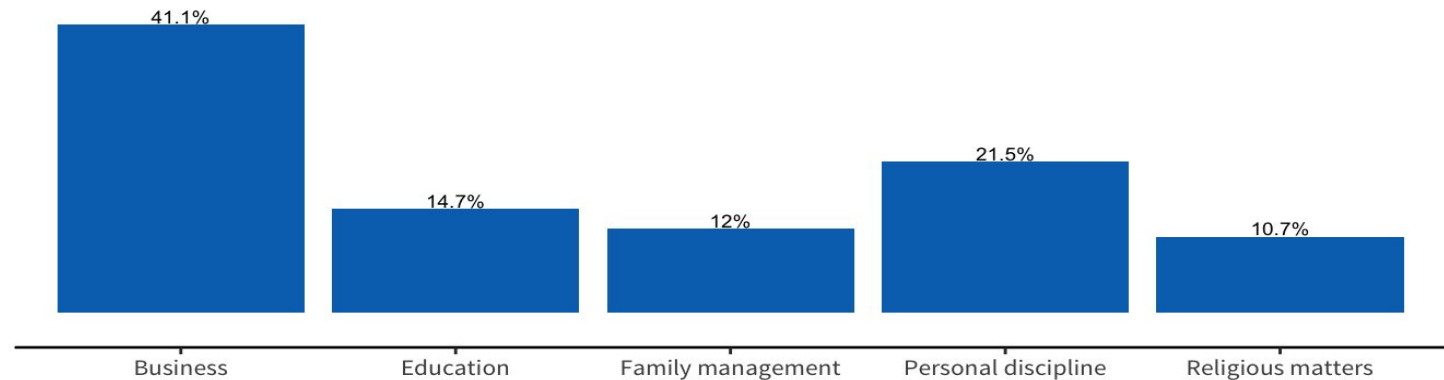
Women more often said they wanted trainings closer to home, likely so so they could attend to their domestic duties.

Many people do have experience with mentors in their lives, who more often help with skills that are somewhat related to doing business.

Do you have a person that you look up to as a mentor or coach?

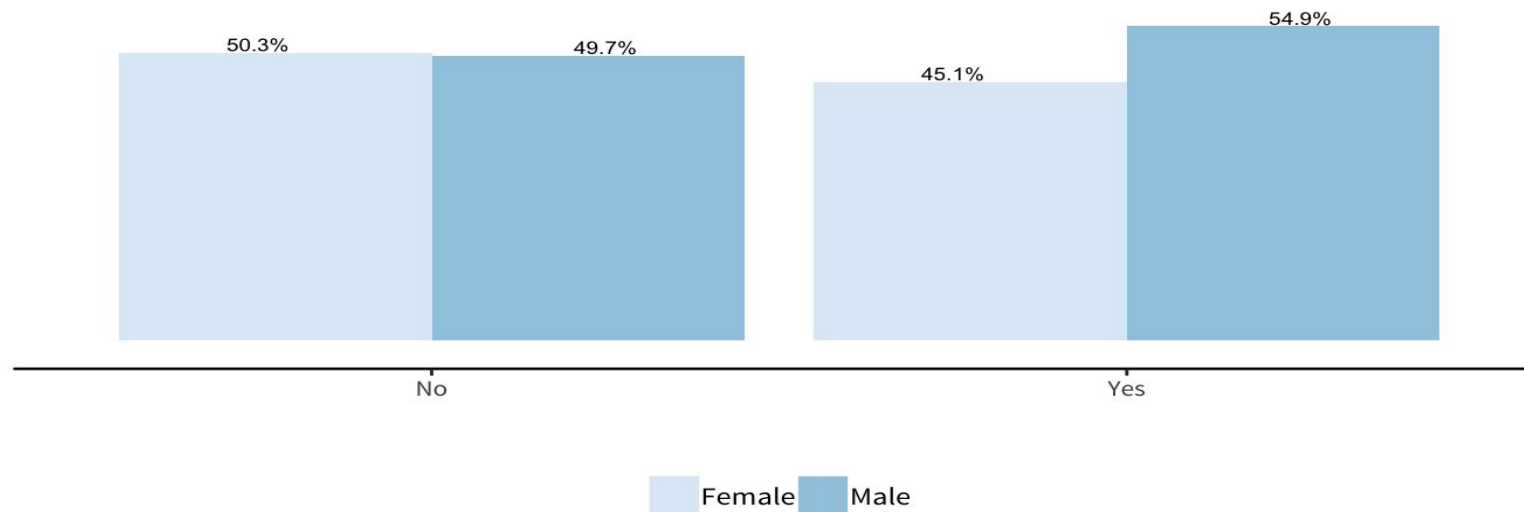


Which of the following areas do they help you to improve?



Slightly more men seek, or have access to mentors than women

Do you have a person that you look up to as a mentor or coach?



However, females are slightly to have people who mentor them in other areas that have less relevance on how to run a business.

Which of the following areas do they help you to improve?

By: Gender

